Tuesday 28 October 10.00 - 19.00

Wednesday 29 October

10.00 - 17.00

FINANCIALTIMES

CHESTY OF JUNDAN !

No. 28,305

Monday October 27 1980



CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS FI 2.0; NORWAY Kr 5.00; PORTUGAL Esc 25; SPAIN Pts 75; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

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GENERAL

Zambia bank arrests: plot

The Zambian authorities have arrested at least 12 prominent citizens, including a former Cabinet Secretary, in a tough security operation.

There is speculation that the Government moved to forestall a coup attempt. No official explanation has been given for

Home Affairs Minister Wilted Phiri said "mopping-up opera-

Nuclear protest About 50,000 demonstrators

marched through London on a nuclear disarmament rally. Hostages debate

Iran's Parliament adjourned without deciding the fate of the U.S. hostages. A debate on the issue is expected to resume today. Back Page

Missile attack

More than 100 people were killed when Iraq fired Soviet-made missiles at residential of Dezful. Iran. Iraq warus U.S. not to arm Iran,

Refugees killed

Soviet-built helicopter gunships killed three Afghan refugees and wounded seven in attacks on two refugee camps in Pakistan on Friday, said UN

Union ignored

Two Cunard passenger shipsthe QE2 and Ginard Princes: sailed on schedule at the weeksure to delay them, Page 4

Prison row

Prison officers at Camp Hill jail on the Isle of Wight may take legal action against their governor who has threatened to discipline them unless they start supervising working parties and workshops.

Board watchers

Civil servants will seek to increase their knowledge of business affairs by attending board meetings of three major companies' subsidiaries. Back and Page 9

Los Rodeos move Los Rodeos airport on Tenerife,

scene of the world's worst air disaster three years ago, will be senger traffic from November 1. fell in October for the third Flights will use the island's month running. Page 3 new Queen Softa airport.

Blasts in Israel Palestinian commandos claimed

responsibility for two bomb attacks in Israel. At least 16 people were injured.

Scott expedition

British mountaineer Doug Scott has led a group of West European climbers to the top of 25,060-foot Makalu-II in the llimalayas.

Slippery silver

A \$660,000 silver sludge shipment was stolen in July while in transit from Britain to a U.S.

Briefly . . .

Major changes in the home improvement grant system take effect from today. Page 4 Basque separatists released an industrialist they kidnapped steelmaker, forecasts a 30.7 per

Israeli President Navon arrived in Egypt for a state visit. Page 2 Page 20

S. Korea seeks loan of \$600m

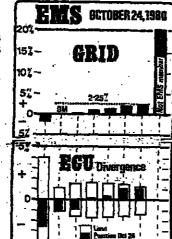
KOREAN DEVELOPMENT Bank will raise a \$600m (£245.9m) Eurocredit, South Korea's first major international borrowing since this summer's political unrest. Page 20

● BRAZIL turned to West Germany to raise financial credits linked to export credit borrow-ing. Page 15

• STERLING and the dollar strengthened against European Monetary System members last week because of high interest rates in London and New York. The Swiss franc was also firm against EMS currencies, but the yen—in spite of signs of an upturn in the Japanese economy showed little change.

In the EMS, the French franc was again the strongest cur-rency and the Italian lira the weakest, although it was well within its extended divergence

Denmark's central bank took advantage of the krone's comfortable position in the middle of the system to cut bank rate by 1 per cent to 11 per cent on Friday. Concern about West Germany's current account deficit, and economic stagna-tion which may be countered by tinued to depress the D-Mark.



The charts show the two constraints on European Monetary System exchange rates. The upper grid; based on the weakest currency in the system (bound by the 2½ per cent lamt), defines the creas rates from which no currency (except the lira) may move more than 2½ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Upix (ECU), itself a basket of European currencies.

 ARTHUR SCARGILL called on union leaders to start fight-ing for the miners' 35 per cent wage claim. Page 4

• FT GROCERY PRICES index

• UK PRODUCERS' share of the domestic electrical appli-ance market increased 5.8 per cent in value in August.

Imports were down by 22 per cent. Page 3 • SOUTH KOREA'S share of the UK black and white televi-

sion market will be 7 per cent next year. It had requested 20 per cent. Page 2

• CAESAR'S WORLD chairman and vice-chairman resigned so the U.S. gambling and entertainment company could acquire a full licence for its Atlantic City, New Jersey, casino. Page

photographic company, said the Federal Burcau of Investigation. man sold nearly all his 135,000 man sold nearly all his 135,000 shares in the company. Page 14

RIO TINTO MINING (Zunbabwe) is making offers for Empress Nickel Mining and Riotrust. Page 14

• KOBE STEEL, Japanese cent increase in first-half pretax profits to Y30bn (£59m).

- CONTENTS

Sir Justinian: policy: Monetary Geoffrey in the hot seat 12 customer is often wrong 10 Europe's airlines: facing a Editorial comment: public Laker time bomb 13 spending; Russia 12 Technology: turning indus-Management: civil servants trial effluent to gold ... 9

move into industry 7 Surveys: Lombard: Samuel Brittan Northampton 17-19

on patriotic spending... 10 West Germany Insert World Stock Mkts. no Landing Rotes Hiding Nates ... INTERIM STATEMENT Berec Group an's Dry. ANNUAL STATEMENT PROSPECTUSES

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Civil Service pay comparability reports may be suspended BY PHILIP BASSETT, LABOUR STAFF

GOVERNMENT considering suspending the Civil Service's pay research comparability reports for this year because the reports will suggest much higher pay settlements than the amount provided for in the forthcoming cash limits for the service.

A decision to stop delivery of the reports, likely to be announced in the next week or

so, will infuriate the Civil Service unions. In anticipation of an announcement, they are considering bringing forward their contingency plans for industrial action.

Suspension would effectively remove the principle of comparability from the main arena of public sector pay deals, following the abolition earlier public comparability commission. The Government considers comparability principles inflationary

Ministers told Civil Service union leaders in August cash limits would be the main determinant of pay increases for the 550,000 white-collar civil servants. The usual process of pay comparability, based on the reports of the independent Pay Research Unit, annually compares civil servants' pay and conditions with those of employees elsewhere. The future of the

hatibaresib bus

Research Unit is unclear. Ministers and senior Civil There is speculation that CSD cause the largest unions to with-Service Department officials might not be able to force the draw from the system entirely.

the single-figure offer expected within the cash limit.

CSD officials proposed at a ensure the correct functioning meeting with Ministers 10 days of the unit, following what they ago that delivery of the unit's interpreted as criticism by CSD. reports should be halted this tion, since it would entail not breaking the present pay agreedeliver ment. Paragraph 13 of the 1974 other.

agreement, still in force, states

report to CSD and the unions

by November 15. A firm decision is thought to have been reached at a further meeting last Friday. The position has been exacerbated by a division in CSD over strategy, between hawks includ-ing Sir John Herbecq, Second Permanent Secretary, and a more moderate group, centred around Mr. Gordon Burrett,

bility for pay. The hawks seek the complete suspension of the unit for this year, as last occurred in 1975 under the Labour Government. The moderates say the unit should maintain its continuity but its reports ought to be

Deputy Secretary with responsi-

discounted.

increasingly believe the unit's independent unit to withhold findings could provide the its report without suspending it unions with a weapon against fully. There is discontent among members of the Pay Research Unit Board, established to

This might be enough to fuel year, though the work is largely completed. In some cases the instruction. They say both the reports are ready for collection.

Ministers fear this would clients, and the breaking of an still give the unions ammuniagreement by one side should delivering the reports to the

Many union officials are conthat the unit must deliver its vinced of CSD's intention to halt delivery of the reports. The all-union indsutar l toniaci...... all-union industrial action coordinating committee has thus already begun to consider bringing forward plans for a campaign of action against what it would regard as a breach of the pay agreement by the Government.

The unions have already earmarked over £2m to fund any action this year. The last major bout of industrial action by civil servants during the 1978-79 "winter of discoptent" seriously disrupted business and Government cash flow.

Enforced prevention of the reports' appearance could tip the scales against the pay research system far enough to

Ministers may clash over curbs on spending

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

TREASURY MINISTERS face mittee will see Mr. Pym the most serious resistance in the lifetime of the present Government to the proposed new spending cuts. Some Ministers appear to be

ready to use the threat of resignation as a bargaining counter in the negotiations over spending for next year.

encounter serious opposition from some Tory MPs returning to Westminster this week after a long recess in which they have become increasingly uneasy about the impact of Governmental policies. Reports last week that the

Treasury was trying to cut defence spending has shaken traditionally most enthusiastic in their support of public-spending cuts.

Pym, Defence Secretary, face nostile questioning from some backbenchers tomorrow on defence. Officers Ministers have known for of the back bench Defence Com- about a month that the Treasury

tomorrow night to demand commitment of increasing defence spending by 3 per cent

The Treasury appears, however, to have the support of the Prime Minister in its new drive for spending cuts. Its hand may be further

strengthened by the fact that the dissenting Ministers are divided among themselves as to where the axe should fall. The Opposition may prove ineffective for the same reason. Nevertheless, Ministers will purchasing. have to work hard at stiffening

their backbenchers' resolve in the light of recent events. Some the nerve of some Right-Wing in marginal seats were already worried about unemployment Treasury's approach, and the state of industry.

But there are son The Prime Minister and Mr. on public spending made some even more nervous, though

Reports of a major new drive others, some very vocal indeed, will welcome the further cut. Ministers have known for

believed further cuts of perhaps £1.5bn would be necessary an assurance that the Govern-above those in the Govern-ment will stick to the NATO ment's medium-term plan. At last week's Cabinet

Treasury Ministers detailed the bleak forecasts behind this request for more cuts. It was clear from the debate which followed that some

Ministers were very dubious indeed about the wisdom of cutting capital spending further at a time when unemployment showed all the signs of increasing further and the private sector was already suffering from the cut in Government

Since the Government took office a minority of Cabinet Ministers have made little secret their doubts about the

But there are some indica-tions that their views may be gaining support among those Ministers who have until now broadly kept out of economic arguments. Rodgers warns of poll defeat

More aid to industry considered

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONCERN of manufacturing industry about the increasing damage which the recession is causing to companies of all sizes will be stressed on Wednesday when the Confederation of British Industry publishes its quarterly trends survey and presents an overall picture of continuing decline in business prospects.

This coincides with fresh consideration by Ministers of how to provide increased selective aid for industry. They are likely to concentrate on making greater use of existing funds for research and development and investment in export opportunities.

Although there is the prospect of interest rates being panies are still falling, however, reduced in the next few weeks. as are the numbers of people Ministers have accepted that being employed.

they must also look for other help for small businesses. But public spending con-

straints mean that little if any fresh cash is likely to be allocated for some time, and there will be no cancellation of the regional development grant moratorium.

note in the CBI's frends report wil be patchy indications that the rate of decline on some fronts is slowing down. There are a few reports of a reduction in the rate of destocking and of the decline of order books The numbers of orders being booked by manufacturing com-

There are also growing worries ways of easing industry's path about exports, fuelled by the through the recession, including level of sterling of a few weeks ago. The survey was conducted before last week's sharp rise in the exchange rate which led to considerable concern among Ministers about the impact on exports.

The CBI's six-montaly survey of corporate liquidity will also The only mildly optimistic be included in this week's report. As indicated by Central Statistical Office rigures last week, this is expected to show that companies are coping with their liquidity problems better than had been expected because of destocking and extensive cuts in investment.

FT grocery index, Page 2 Lombard, Page 10 Electrical appliances, Page 3

Bleak year foreseen by IATA

seriously threatening

In his annual report on the

the annual meeting of

state of the world air transport

industry, which he will present

IATA's 103 member airlines in

affect market demand."

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CURRENT year is can produce the developments expected to be "the bleakest needed to help bring costs year in international aviation down. Costs, and hence fares. history," with little improve- are at levels which are ment likely in 1981.

The world's airlines are experiencing the combined effects of recession, inflation, increasing fuel costs "and a market distorted by erratic currency developments and unco-ordinated regulatory policies," according to Mr. Knut Hammarskjold, directorceneral of the International Air

Fransport Association.

Montreal today, Mr. Hammarskjold says airline finances are The IATA airlines were aiming for an average 13 per cent He is also worried whether, under this "massive cost onreturn on investment in 1979, he says. They managed only slaught," aviation technology

interest. After interest many incurred losses. On the North Atlantic where passenger traffic grew 16 per cent and revenues 27 per cent during the year, against a moderate capacity interest of 8 per cent, the carriers needed another \$800m in revenue to reach the required return.

"These are serious times for the industry. It is broadly estimated that it is almost \$4bn short of a level of earnings that would put it on a financially competitive footing in the capital market.

Continued on Back Page Facing Laker timebomb. Page 13

MPs to quiz Howe on money supply

By Peter Riddell, Economics

SIR GEOFFREY HOWE, the Chancellor, is likely to face highly critical questioning this afternoon from an all-party committee of MPs about the Government's monetary record.

The Treasury and Civil Service Committee of the Commons, under the chair-manship of Mr. Edward du Cann, Conservative MP for Taunton, is due to see the Chancellor as part of its inquiry into monetary policy, with particular reference to the implication of recent money supply figures." This refers to the 8 per

cent jump in sterling 313, the broadly-defined money supply. in July and August. Yesterday two members of the committee said on the

BBC World this Weekend

programme they would press

Editorial comment. Page 12 Sir Geoffrey in the hot seat, Page 12 Every day a make-up day. Page 4

wide range of points with the Chancellor. Dr. Jeremy Bray, Labour Motherwell, said he wished to

question the basis of current monetary policy. Mr. Terence Higgins, Conservative, Worthing, said he wanted to examine the relationship between the money supply and public sector horrowing and Government proposals for public-sector

pay. The hearing comes at a time when there is growing concern among policy-makers about the impact on industry of the sharply rising pound.
This has strengthened pressure for a cut in interest though an early ion depends on reduction

the wbether October monetary figures, available to the authorities later this week, provide any indication of a slowing in the rate of monetary growth. Sir Geoffrey's comments

will also be watched closely by the City markets, which ave ta terms today with the Bank of England's reminder to the banks of the need to maintain the minimum 121 per cent reserve asset ratio at all times and not just at each monthly reporting date.

The Bank has written to all banks saying that spot checks may be made to ensure that the ratio is maintained.

Japanese likely to back EEC trade agreement

BY GILES MERRITT

MR. SABURO OKITA, Japan's special trade representative, is expected to express cautious support today for a new Japan-EEC trade pact along the lines proposed earlier this year by the European Commission. Mr. Okita, who begins talks

in Brussels today, said in an interview with the Financial Times in Tokyo that the Japanese Government now recognised that a number of key European industries "need a breathing space" in which to restructure.

He will therefore express qualified interest in the "trade strategy" put forward last July by the Commission as a means of improving the worsening trade relations between the EEC and Japan. But Mr. Okita stressed that

Japan could consider selfrestraint on exports of motor cars and electronics good only in return for credible undertakings by the EEC that re-structuring would take place. Today's talks between Mr. Okita and senior EEC officials are not intended as negotiations. but both Brussels and Tokyo hope they will lead to discussions which could yield a new

Japan and the EEC by 1981. Mr. Okita has said Japan is "very seriously concerned over the possibility of EEC pro-tectionism," and appreciates the social and political problems caused in the EEC by the present surge in Japanese

exports. intention to signal Japan's interest in an exportrestraint part is expected to give fresh impetus to the Brussels Commission's own efforts to secure a negotiating mandate from the EEC member Governments. When the EEC Council of Ministers examined Commission's strategy three months ago, both

France and Italy objected to the trade concessions that would be required of the EEC. Broadly, the Brussels pro-posal is that in return for export restraint by Japan for up to four years on "sensitive" products, the EEC abolish the 60-plus national quantity restrictions still imposed on various Japanese goods by some EEC Governments in defiance of the General Agreement on TariEs and Trade.

Though EEC officials believe that removal of French and Continued on Back Page

Emergency talks to end steel deadlock

BY GILES MERRITT IN BRUSSELS

relationship between

the EEC Industry Commissioner, held emergency talks in Brussels yesterday representatives Europe's special steels pro-

This follows an inconclusive meeting of EEC Foreign Ministers in Luxembourg on Saturday at which special steels emerged as the chief obstacle preventing the West German Government from accepting a nine-month programme of mandatory steel production cuts to be by the Brussels Commission.

West Germany is insisting that special steels must be excluded, while the UK and Belgium are reported to have argued that such a distinction would be unacceptable. The stalled Luxembourg meeting yielded only an agreement for a further

council session to take place there on Thursday. M. Davignon's meeting with the special steels producers is understood to have been

aimed at securing agreement on a definition of special steels before the continued ministerial talks. British Government sources

have suggested that German

definitions of special steels could encompass up to 40 per cent of all steel products and that their exclusion would render the cutback gramme useless. The European Commission, however, puts the special

steels proportion of all EEC steel output at 15.5 per cent. West Germany's opposition to the tough new production disciplines to be imposed on the European steel industry

has begun to provoke criti-

cism from the Brussels Com-

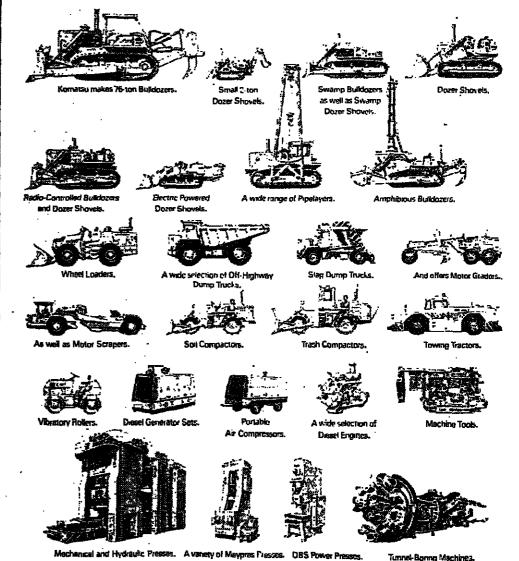
mission as well as from other

member states where the crisis in steel is causing serious damage. The abortive Luxembourg talks marked the Bonn Government's third refusal

since October 7 to accept the

new controls.

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OVERSEAS NEWS

Mitterrand silent on nomination

By David White in Paris

M. FRANCOIS MITTERRAND. the French Socialist leader, has once more put off committing himself on whether to seek the Party's nomination for next year's Presidential election.

He was to have announced his decision in Marseilles yesterday, a week after a challenger, M. Michel Rocard, backed by the party's right wing, declared publicly that he would run. But M. Mitterrand said instead he would wait until the party's management committee met to discuss candidacies on November 8. Members are due to choose a candidate on January 25. barely 11 weeks before the

official campaigning fortnight. For M. Mitterrand, who was 64 vesterday, next year would probably be his last chance of trying for the presidency, which he ran for in 1965 and in 1974.

A third leading figure, Jean-Pierre Chevenement. head of the left-wing CERES faction which represents abzout a quarter of the party, has said he will run if M. Mitterrand drops out.

In the Gaullist RPR party, the situation is also becoming complex. While party leader M. Jacques Chirac has strongly hinted he will be running, he faces a fresh challenge in the form of Mme. Marie-France Daraud, 46, a former adviser to President Pompidou.

Another former adviser to M. Chirac, M. Yves Guena, who quit his post in March last year, has joined a list of 150 personalities supporting the former Prime Minister. M. Michel Debre, who is running as an independent.

Abortion row casts shadow over Forlani

BY RUPERT CORNWELL IN ROME

A ROW between the two major coalition partners over abortion has cast a shadow over the prospects of the Italian Government of Sig. Arnaldo Forlani, during the debate intended to sanction its approval by Parliament.

The four-Party Administration of Christian Democrats, Socialists, Social Democrats and Republicans won a confidence vote by 362 to 250, helped by. the abstention of nine Liberal. Party deputies.

The occasion was marred by bitter exchanges on abortion by the Christian Democrats and Socialists, which might have repercussions on the survival of the Government if, as seems likely, separate national referenda are held next spring either to repeal or to strengthen the country's existing abortion

Repeal is backed by Italian Catholics and the Christian Democrats, while proposals to keep the present legislation are supported by the Socialists and other "lay" parties.
The speech of Sig. Bettino
Craxi. the Socialist leader,

during the debate this weekend, surprised observers. ne launched an attack on the church for its "outdated church for its "outdated fanaticism" in encouraging the referendum to abolish the law permitting abortion, and thus interfering in Italian affairs. Sig. Craxi suggested that Polish-born Pope John Paul II. who recently publicly urged Italians to "rediscover their



Sig. Arnaldo Forlani . . . prospects threatened.

faith and conscience" and ban abortion, was unable to grasp the realities of Italian life. But after a hasty rebuttal by Sig. Flamino Piccoli, the Christian Democrat leader, his remarks were condemned yesterday. The Vatican newscondemned paper expressed its "astonishment and grief" that Sig. Craxi

had spoken so disrespectfully His outburst is taken as further proof of his aim to establish as independent a stance as possible for the Socialists.

But it also underlines how precarious in these circumstances is the alliance between Christian . Democrats

|New cabinet | formed in Lebanon

By Ihsan Hijazi in Beirut

A NEW Lebanese Cabinet has been formed to replace the caretaker government of Mr. Selem Al Hoss, the Prime Minister, which resigned in

The 22-member government is beaded by Mr. Chafik Al Wazzan, a Moslem lawyer from Beirut, and includes parliamentarians and techno-

Five Ministers have been retained, including Mr. Fuad Butros, Foreign Minister, a-friend and adviser to President Elias Sarkis. Several newspapers yesterday that of Mr. Sarkis because several members are the President's friends. Mr. Sarkis, the Christian

Maronite head of state, has two years more to serve of his six-year term. While conditions in the country have improved considerably since his election at the end of the 1976 civil war, Lebanon remains divided on the ground, and national entente is lacking. None of the Christian or Moslem militias is represented in the Cabinet, the majority of whose members are gener-

ally regarded as traditionalist politicians The main purpose of the new Government will be to fill a power vacuum which existed since Dr. Hoss resigned.

The Government faced, its first problem when one member, Mr. Mounir Abon Fadel, vice-speaker of Parliament, said he will not serve in the capacity for which he was chosen. He is one of five state Ministers without port-

Iraq warns U.S. not to arm Iran

BY ROGER MATTHEWS IN BAGHDAD

U.S. against resuming arms shipments to Iran. Dr. Sazdoun Hammadi, the Foreign Minister, said in a statement released vesterday that any country supporting Iran should not expect number wounded. The recent Iraq to stand by with arms

The statement was issued soon

the heads of diplomatic missions Abadan. of countries on the United Nations Security Council. Dr. Hammadi told them Iran had started the war as early as

demands." As the war enters its sixth week, unofficial estimates indicate that between 1,000 and

1,500 Iraqis have been killed. with perhaps three times that increase in admitted causualties has been caused by the belated decision to complete the capture after Dr. Hammadi had sum- of Khorramshahr and to press on moned to the Foreign Ministry towards the oil refinery city of

The longer the Iranians resist a ceasefire, the more likely it is that the political leadership in Baghdad will feel September 4, and that Iraq could it necessary also to take Dezful not withdraw from the territory and Ahwaz, the two other key it had subsequently occupied towns in Khuzestan province.

ally surrounded.

Dr. Hammadi, speaking to foreign diplomats, emphasised that Iraq had no ambitions towards Iranian territory, but would not accept any compromise on sovereignty over the Shatt al-Arab waterway and land which should have been returned by Iran under the 1975 Algiers agreement.

Suggestions that Iraqi forces should withdraw from the addi-tional occupied Iranian land were impossible for two main reasons, Dr. Hammadi said. First, because previous border and no clear boundary now from selling arms to Iran,

IRAQ HAS again warned the until Tehran answered its 'just The cities are said to be virtue existed and second because there were no security guarantees that Iran would not attack

again. Wyles adds from John Brussels: European Community Foreign Ministers meeting in Luxembourg this weekend expressed concern that no end was in sight to the war, but agreed that the Community could do little to settle the

conflict. Mr. Hamed Alwan, Iraq's Minister of State for Foreign Affairs, sent a letter to M Gaston Thorn, President of the Council of Ministers. One interpretation was it was aimed agreements had been abrogated at dissuading European states

Press told

to register

by Salisbury

Israeli President visits Egypt

Navon arrived in Cairo yester- produce any new developments Sadat to speed it up. day at the start of a five-day on the stalled Palestinian. He has personally state visit personally arranged autonomy talks. Negotiations that Israeli visa applic by President Sadat to give at on the reactivation of the talks least visual substance to the began in Washington earlier normalisation of relations be-

ISRAEL'S President Yitzhak the visit is not expected to this month.

tween the two countries.

As President Navon is only less than happy with the tempo St. (a constitutional head of State, of normalisation, despite a per Sinal

sonal intercession by President. He has personally instructed that Israeli visa applications be processed more quickly, but this move has been countered. by an Egyptian ban on Israeli. tour operators flying direct-to St. Catherine's monastry in

AT.I. FOREIGN correspondents working in Zimbabwe have been ordered to register with the authorities and be issued with Temporary Employment Per-

The Government said accreditation will take place tomorrow and journalists who fail to register with the Ministry of Information will be liable to a fine of Zimbabwe \$1,000 (£860) or two years in jail, or both.

S. Korea torture claim Three defendants at a South Korean appeals court martial that sedition charges against them resulted from torture, intimidation and fabrication, Reuter reports from Seoul. The allegations came in a hearing of appeals by former Presidential candidate Kim Dae-Jung against a death sentence

Peru copper hit Peru has postponed delivery of some copper sold in foreign markets due to strikes in the country's most important mines, AP-DJ reports from Lima

BY ALAN MACKIE IN CAIRO

Strike may follow Solidarity talks BY CHRISTOPHER BOBINSKI IN WARSAW TODAY's meeting of the union, but unilaterally inserted and meanwhile it is refusing to

national committee of Solidarity. 'a clause into the union's articles Poland's largest independent of registration which said union, in Gdansk could decide Solidarity recognised "the lead-on some form of strike action ing role of the (Communist) against action by the authorities Party in the State." The union On Friday the Warsaw district will appeal to the High Court can't court finally registered the against the district court action issue

honour the change in its statute. On Saturday, the head of the Warsaw branch of Solidarity, Mr. Zbigniew Bujak, told a delegates meeting that can't make concessions on this

Jimmy Carter's tendency to actually answer questions and 23 co-defendants against various prison terms. Eurôcredit—Page 20

UN move on reporting A United Nations conference committee has approved a resolution aimed at re-shaping the way the world's news is reported, but did not vote on it and some Western delegates were uneasy about certain recommendations, Reuter reports from Belgrade.

India constitution 'debate' INDIA'S Prime Minister, Mrs. and 1977. Then the plan was

Indira Gandhi, has created a to amend the constitution and stir by asking for a national model it on the French system debate on whether the present so that the President could not system of parliamentary demo- be challenged. cracy on the Westminster model is suitable for the country.

a conference of lawyers in New Delhi at the weekend, where a proposal for the introduction of a Presidential system of government, as a means of strengthening the executive, was widelyl

Mrs. Gandhi is known to be unhappy with the way the present syste mis often para-Such a proposal was first failure of their talks with the made during Mrs. Gandhi's Government on their demands

lysed by popular agitations over which the government has no control. A major example is the 11-month agitation in Assam, in northeast India. which students have decided to revive from today following the

emergency rule between 1975 for deportation of "foreigners."

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON EVERY POLITICAL candidate Raegan, the acknowledged he will say it.

"the speech," a well-honed en-capsulation of views and policies. Mr. C patter."

On Friday and Saturday he took his act on the road to televised debate with Ronald

has what comes to be known as master of the electronic

Mr. Carter chose the forum President Jimmy Carter, on the at which he can excel, the so- actually tends to answer ques- lation, other hand, who is not, with called "town meeting," where tions.

On rare exceptions, a good set he answers questions from local speaker, serves up what can citizens: Three performances, only be described as "the in front of the relatives and friends of a local bricklayer he begins by stating his com-called Raffety in Gloucester mitment to it, lists his achieve-City, New Jersey, at a public ments, moves on to noting that three states for much-needed library in Wyoming, Michigan, Mr. Reagan once said social under his direction, and that practice before his most imand a high school in Toledo, security contributions should be improvement should not be portant engagement of the elec- Ohio, provided a pretty fair made voluntary, throws in his jeopardised by recourse to his tion year—tomorrow night's example of what the President opponent's past antipathy to the opponent's simplistic and

the Carter approach is that, Party has been the author of more than most politicians, he

quently was, about the viability than it was, that his Administraof the social security system,

WORLD TRADE NEWS

ment insurance, and winds up The most striking aspect of by arguing that the Democratic the most important social legis-

On the economy, the argu-Thus, when asked, as he fre- ment is that inflation is better tion has created millions of new jobs, that OPEC is the inflationary villain, but at least the U.S. now has an energy policy, will say tomorrow night and how minimum wage and unemploy potentially inflationary tax cuf colours.

When asked an hostile question, giving the impression that his teeth are being bared in defiance. The television camera can magnify this to a disturbing degree. Nor is there much offsetting lightness of touch or humour. And, in stark comparison with 1976, Mr. Carter offers up little of the visionary these days, so preoccupied is he with painting the dangers of a Reagan Presidency in bleak

But there is also a tension.

Loan agreed for gas project in **Argentina**

By Charles Batchelor in

A LARGELY Dutch banking consortium has agreed to provide a Fl 1.1bn (£234m) project of linked credit to finance a gas pipeline project being carried out in Argentina by the Bos Kalis Westminster

Negotiations are continuing with a consortium which will include a number of non-Dutch banks over the remaining Fl 600m financing needed. This slice of the funding will probably take the form of dollar loan, according to Amsterdam-Rotterdam Bank (AMRO), joint leader with Lloyds Bank International, of the first credit.

The credit agreement has been signed between the con-sortium, comprising eight leading Dutch banks aside from AMRO, and Cogasco, a newly formed company in which the Bos Kalis subsidiary NACAP, has a 70 per cent stake. The remaining 30 per cent is held by two Argentinian Tesea and Pamar. contractors.

The Fl 1.1bn credit has been insured with the Netherlands (NCM) and can be taken up in tranches as the work pro-gresses. It is intended to finance the purchase of Dutch capital goods and services. Bos Kalis and its Argentinian

partners are building 2,000 kilometres of pipeline and associated pumping equip-ment linking a gas field at Neuquen with a number of provincial capitals, for the state company, Gas del

Thailand credit for boats

THAILAND IS raising \$100m through a Eurocredit to buy two patrol boats from Italy to improve security in the Gulf of Thailand, banking officials said. Reuter reports. The eight-year credit is being

lead managed by Manufac-turers Hanover and carries interest at between 7 and 8 per cent above London interbank offered rates, Libor, with a three-year grace period. FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing

THE TAIWAN Government has and the Middle East as well as bers of the Commons Select that the trademark had been claimed that it has virtually Europe. stopped the shipment from Tai- Noting

counterfeited components bearing well known European brand names for use by the motor industry and European and other markets. Mr. H. K. Shao, head of the

BY DAVID HOUSEGO IN TAIPEL

Board of Foreign Trade, on case sharply rejected allegations by notice. West European manufacturers of large-scale counterfeiting by Taiwan of components accessories and garage equipment, which is said to be costing UK and European manufacturers £100m in lost sales.

But he conceded that there had been abuses last year and caused such an outery in turers to make copies from reports of losses of £100m by that complaints had been Europe, and the matter is cerseeived from the U.S., Africa tain to be brought up by memmanufacturers did not know exaggerated and unfair.

Government had taken adminisprevent counterfeiting. he called on manufacturers and suppliers abroad to come forward with detailed information on cases which came to their

would enable Government to initiate detailed investigations. "We want facts and certified documents, other- Foreign observers here are sceptical of the claim to have stopped the laking which has

turope. Committee on Industry and Noting that the Taiwan Trade when they see Mr. Shao. But it is also thought Taiwan trative and legal measures to is indeed seeking to check the counterfeiting, which is giving it a bad name when European governments are concerned about the deteriorating two-way trade balance.

> Mr. Shao put much of the blame for the counterfeiting. under such brand names as Lucas, Lockheed, Ferodo and Quinton Hazell, on the British and European importers.

He said the importers placed orders with Taiwanese manufac-

Government measures to prevent manufacturers from improperly using trademarks provide for imprisonment of up to two years and the suspen-sion or loss of their import and export licence, which could put them out of business, Mr. Shao

But he could only cite one prison sentence this year for a conviction arising from the counterfeited manufacture of motor parts. This was a sentence of four months for faking

Toyota parts. Further, he declared that

Textile producers fail to agree on MFA

Taiwan rejects fake parts charge

TEXTILE TRADING countries curbs by big industrial nations tries widened fourfould to meeting to review the working of the Multi-Fibres Arrangeagree on whether the accord is worth preserving and their final report is unlikely to reach any firm conclusion.

The talks are a prelude to the

scheduled re-negotiation of the MFA in December. The MFA governs world trade in textiles and clothing.

But, on the insistence of Third World countries, the secretariat of the General Agreement on Tariffs and Trade (GATT), which sponsored the MFA, will prepare a new study on how well it has worked. GATT's Textile Surveillance Body monitors the MFA and it

textiles and clothing force in 1977.

Most of the restrictions are applied by the EEC. Sweden, the U.S., Austria, Canada and Finland. The five-year arrange-ment which followed the first MRA concluded in 1973, expires at the end of next year. The Community strongly defended import curbs at last week's meeting. Illustrating its

188 per cent between 1973 and reports that the number of deficit with developing coun-exports.

imports of clothes increased by

266 per cent and of textiles by

troubles, the EEC said

\$5.23bn (£2.15bn) in the same to 77 last year.

its said that in 1978 alone the because of bette its Third World bought \$4.4bn and management. worth of Western-made textile

A new report by GATT's Secretariat says textile and imported from the Third World period, while the employment clothing industries in richer has increased significantly since index for the industry fell by nations suffered "slow growth, the current MFA came into one quarter from 100 in 1973 stagnation or decline of production accompanied by a marked

time of near stagnation in the domestic industry. Consumption ployment fell by 4.5 per cent a year in the Community and western European countries, although the biggest drops Sr. Felipe Jaramillo, the came before 1976. But labour Colombian Ambassador, speak-productivity increased by ing for developing countries, almost the same percentage because of better technology The clothing trade deficit of

fibres, chemical dyes and textile 'all industrialised countries with machinery in view of its grow- all developing and Eastern ing textile sector purchases, it European countries increased Its textile and clothing trade deserved a better deal for fourfold to \$8.6bn between 1973 and 1979, the report said.

Syrian market opens as Gulf boom slows

BY PAUL CHEESERIGHT

BRITISH BUSINESSMEN are being urged to turn their attention to Syria and to take advantage of the opportunities which will be afformed the Damascus Government announces shortly the details of its next Five Year Plan.

The official line is that the initial boom in Saudi Arabia and the Gulf is over and that there should be a search for other Middle East markets, where the pace of growth is likely to be steady, if less spectacular. Syria meets these criteria, and its gross domestic product has been rising at 8 per The tot cent a year for the past decade. way trade in the first three-

The urging has come not only from the Government-Mr. Cecil Parkinson, the Minister of Trade, will visit Syria next year -but also from the Syrian Government itself.

Minister of Economy and Foreign Trade, was in London last week-the first senior Syrian minister ever to talk to the desirable levels one would like to see," he told members of the Confederation of British The total value of the two-ernment was moving from ventures way trade in the first three-quotas and prohibitions on periods.

quarters of this year was just £64.8m and distinctly in the UK's favour. But UK exports to Syria have been static, running between £57m and £67m a year. The UK share of the total Dr. Mohammed Al-Atrash, the import market is about 3.5 per cent

Dr. Al-Atrash was at pains to stress that the Syrian economy is mixed and that the agricul-British businessmen. Trade ture sector was predominantly exchanges have not yet reached in the hands of the private sector. "We are trying to use the price mechanism more vigorously," he said. He also noted that the Gov-

imports to a tariff regime. Both of these general statements are significant in terms of the search for business during the Five Year Plan. The first phase of the plan will be a consolidation of the hurriedly undertaken projects

of the plan just finishing.

But as the new plan develops, there will be greater scope for project management, and this is an area where UK business has been conspicuous by its absence. But there will be a shift from the large projects of the past and an emphasis on smaller ventures with shorter gestation

increase TV sales

By Anne Charters in Seoul SOUTH KOREA will be permitted to sell more black and white televisions to the UK next year, although the allotment is substantfally less than

it would like. In talks with the British-Radio Industries Council in Seoul the Electronic In-dustries Association of Korea requested 20 per cent of the black and white market, but was allocated only 7 per cent, worth \$5m. Korea's total black and white television exports for 1979 were \$230m.

The toehold in the market for the Koreans could be significantly larger if the Japanese allocation, 230,000 units, were to be reduced and the Koreans awarded the spillover. The Koreans argue that Japan should concentrate more on exporting sophisticated electronic products and leave the black and white market to others. Because Korean black and

white television producers had only models suitable for the UK market after 1976, they have suffered in quota alloca-tions. The first year, 1977, only 35.000 units were allowed. Since 50 per cent of the UK domestic market is reserved for domestic manufacturers, a higher allocation for Korea would have to be the result of increased consumer demand in the UK or a healthier share of what is allocated to Japan, Taiwan and Singapore, which gets special treatment from the UK, or Thailand, which had an allocation of 40,000 units as of June, 1980. Producers of black and

white televisions in Korea

would like to see their UK

allocation given the kind of consideration the U.S. gave Korean colour sets for exports to the U.S. from July, 1980 until June, 1982, The allocation was almost doubled under a special "latecomer" quota which took into consideration that the Koreans strated with a smaller share of the market because they entered the competition late. Korean colour television manufacturers are ready to produce for the Euro-

The association also indicated that Korea would like to expand the amount of electrouic components imported from the UK.

S. Korea to | Askew rejects Japan tobacco duty offer

TOKYO — the U.S. has Mr. Askew told Mr Zenko rejected an offer by Japan to Suzuki, the Japanese Prime U.S. officials said.

customs duty on foreign talks with officials of the EEC cigarettes from 90 to 40 per to try and ease the trade cent, the officials said. Japan imposes duties of between 60 and 110 per cent

monopoly, a dispute both sides EEC have said they have no have pledged to settle by the intention of limiting exports.

Agencies

cut import duties on tobacco Minister, and other senior products and warned of retalia-tion unless Tokyo opens its mar-tion would be forced to retaliate ket more to foreign interests, unless agreement was reached U.S. officials said.

Mr. Reubin Askew, the U.S.

trade negotiator, rejected as Japanese trade representative, inadequate Japan's offer to cut has arrived in Brussels for on the two issues.

EEC officials, unconvinced by a visit earlier this month by between 60 and 110 per cent on tobacco products, as a result of which the country's state tobacco monopoly takes 99 per cent of the \$10bn (£4.1bn) a year market.

The two sides made little visions and other electronic provide U.S. companies access Government has urged self-to \$3.2bn of contracts awarded restraint on industry, company by the state telecommunications officials doing business with the monopoly, a dispute both sides

SHIPPING REPORT

Boost for dry bulk cargo

reight rate structure.

grain rate for ships of around insurance in the Arabian Gulf. 60,000 dwt has edged up to John I. Jacobs notes, in its \$15.75 per tonne. For the smal- latest weekly tanker report, that ler handy-sized vessels, rates most owners are paying the are also firmer. Denhom Coates, existing premiums and charfor example, reports that the terers are accepting any addi-Russians fixed between 12 and tional premiums. 15 ships for Atlantic round close to \$10,000 per day.

the normal voyage from the periods have expired.

CONFIRMATION of the extent Arabian Gulf to the West, is of the shortfall of the Soviet hovering around Worldscale 30 grain harvest and the news of and for the larger ULCCs the the U.S./China grain deal has added to the confident mood of the dry bulk cargo markets.

Demand for wain chief at the larger of the ground world scale 27.75. For vessels desired for the larger of t the dry bulk cargo markets.

Demand for grain ships, at least, look like holding up well charge, a premium of 21 Worldship the charge in the c over the next 12 months and scale points appears to be the this is showing through in the order of the day. The key U.S. Gulf/Continent for the problem of who pays

. On another matter, Jacobs trips last week and rates for estimates that 26m dwt of 32,000 dwt-35,000 dwt vessels of tanker tonnage is tied up as floating oil storage vessels but In the tanker market, rates notes that a number of tankers are unchanged for supertankers. are moving back to loading. The going rate for VLCCs on areas before the storage option

FOREIGN EXCHANGE RESERVES (U.S.\$m)

.K	20,359	20,408	20,471	19,00
S	5,836	5,404	5,582	4,79
V. Germany	45,794	45,703	44,176	42,07
rance	25,602	25,333	23,829	14,57
aly	20,845	22,024	19,105	18,80
etherlands	10,111	9,985	9,306	6,43
objets	7,111	7,211	6,147	4,43
pan.	19,191	18,839	18,624	21,13

 q_{66561} aranut

Rodgers warns of poll defeat if Foot wins

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE FIRST real argument over return to Westminster after the ment debate. policy in the Labour leadership long recess, the campaign campaign blew up last night managers will be able to get a over defence. Mr. William much better idea of the support Rodgers, the party's defence for their candidates. For the spokesman, claimed that if Mr. first time they will be able to Michael Foot became léader his views on unilateral dis-armament could lose the party the next General Election.

The attack by Mr. Rodgers, who is on the far Right of the party, came after Mr. Foot had presented himself on television as the man most likely to bring peace to Labour and peace to the forefront of British politics.

Interviewed on London Week-end Television's Weekend World programme, Mr. Foot made it clear that he retained his longheld unilateral beliefs and was neld dullateral benets-and was shore. The contest will then opposed to the siting of cruise go to a second ballot with Mr. missiles in the UK. He would, Healey and Mr. Foot competing he said, "send the missiles for the votes from MPs in the back." Labour Right-wingers centre of the party who might claimed this went far beyond in the first round have voted agreed Shadow Cabinet roller for Mr. Shadow agreed Shadow Cabinet policy.
The interview came as the

THE PRUDENTIAL Assurance

Company is to spend £150,000

on a Press advertising cam-

paign next month to make

families more conscious of the

Mr. Ray Hill, deputy agency

manager, considers that most

families are unaware of the

value of their belongings and

fail to obtain proper insurance

The campaign is timed for the advent of winter, when

people are likely to be conscious

that their homes are vulnerable

to fire and adverse weather and

when the dark evenings present

largest UK household insurers

with 3m domestic policy-holders. To help them to esti-

mate the replacement value of

their possessions, the Pruden-

tial has produced a room-by-

This enables householders to

arrive at a realistic sum to be

insured, either on a full replace-

ment basis or an indemnity

(allowing for wear and tear)

The company is one of the

opportunities to thieves.

value of their homes.

first time they will be able to lobby away from the pressures of their largely Left-wing local

parties. On the basis of telephone canvassing, Mr. Healey still looks ganged into it by the Left. set to win, though almost cer-tainly not in the first ballot whic abegins this week. The expectation among the

campaign managers yesterday Mr. Healey a good second and there would be a gap between Shore. The contest will then go to a second ballot with Mr. national basis. for Mr. Shore.

On television yesterday Mr. Foot showed few signs of trimming his views to suit those for their candidates. For the MPs of the centre. His confidence and his positive approach may, have assuaged some of the doubts about whether he personalyl wanted to stand or whether he was merely press-

Defencehas long been a divisive isue within the party. But though Mr. Foot did not actu-ally repeat his commitment to unilateral disaramament in so was that Mr. Foot would run man ywords, he did not demure when the interviewer summarised his position as being them and other two contenders, unilateralist. He did, however, Mr. John Silki nand Mr. Peter stress that it would be preferable to disarm on a multi-

On the proposed change in the system of electing the Labour leader, Mr. Foot again stressed his readiness to protect the rights of MPs while repeating his belief that it should be pos-The interview came as the The two will be on show on Labour leadership contest Wednesday when they lead for entered a key phase. As MPs the Opposition in the Employ-

Pru to start big Plaid Cymru swings Left home insurance BY ROBIN REEVES, WELSH CORRESPONDENT MR. DAFYDD THOMAS, the strong position should he wish Press campaign

young Welsh Nationalist MP for to seek the leadership of the Merioneth, was elected vice-party in a year's time, when Merioneth, was elected vice-party in a year's time, when president of Plaid Cymru at the Mr. Gwynfor Evans, Plaid party's annual conference in

It puts Mr. Thomas in a policies.

Cymru, president for the past 35 years, has said he will retire. party's annual conference in Porthcawl over the weekend.

His victory, by a substantial majority, marks a distinct swing to the Left in Plaid Cymru.

Mr. Thomas holds uncompromising Left-wing views, whereas his rival for the post, whereas his rival for the post, and the whereas his rival for the post, the whereas his rival for the post, the party's cultural nationalist tradition.

Cymru, president for the past, 35 years, has said he will retire.

But Mr. Thomas yesterday disclaimed any presidential aspirations. Movements, not not leaders, were important, he whereas his rival for the post, coming months was to continue towards an alliance of the party's cultural nationalist the Government's economic Government's economic

U-turn on textiles urged

Secretary, will be urged in still employed to less than Parliament next week to save Britain's textile industry from

Labour MPs, particularly hose from the North-West, those from the plan to demand a Government U-turn after news that another 1,200 jobs in the Laucashire textile industry are to be lost through closures at Carrington Viyella and John Bright.

MR. JOHN KNOTT, the Trade past year, bringing the total 50,000

Mr. James Callaghan, Labour MP for Middleton and Prest-wich, said yesterday: "As far as I am concerned, the textile industry in my area is now completely smashed—it is non-

He said the industry had been one of the least strike-prone in Britain with employees and employers trying to co-operate | Whitehall About 16,000 people have lost with both Labour and Tory

Labour MP seeks big Civil Service reforms

By Peter Riddell.

MAJOR REFORMS in organisation of the Civil Service and in Parliament's powers to scrutinise the executive are advocated this morning by a Labour Party Treasury spokesman who is one of the leading specialists in the Commons on public administration.

Norwich South, calls for the reforms in a book, Managing the Civil Service. His central argument is that the reforming atmosphere of the late 1960s has, withered away, notably through lack of political interest in funda-mental change, and that a renewed reforming programme is

Mr. John Garrett, MP for

Among his suggestions are resumption of progress toward a unified Civil Service grading structure, establishment of a national college of public administration, and honouring of the results of pay research His proposals come at a time when the structure of the

Department is being examined by the Prime Minister and the Treasury and Civil Service Committee of the Commons is devoting increasing attention to the efficiency of the service. Mr. Garrett wants, among other legislation, a freedom-ofinformation Act and wholesale

reform of Government accounting and statistical information to allow scrutiny of purpose and results of public spending. Managing the Civil Service, by John Garrett, Heinemann,

Change in rate support opposed

By Maurice Samuelson

THE London Chamber Commerce and Industry yester-day made what it called a "last ditch attempt" to prevent the Government's proposed changes in the local authority rate support system.

In a letter to Mr. Michael Heseltine, Environment Secre-tary, it said the Government should remove the "arbitrary and incomprehensible" proposal in its Local Government Bill for a new block grant system of rate support. In terms of the Bill, would determine more closely how much money local authorities require.

Britain comes bouncing back in the electrical appliance market

THE VALUE of imports of domestic electrical appliances dropped sharply in August British producers increased their share of the market denressed significantly.

The UK market share of foreign-produced fridge freezers fell to 28.1 per cent from 70.2 per cent in August last year. Over the same period foreign penetration of the market for automatic washing machines fell from 42.8 per cent to 27.9 per cent.

In the earlier part of this year imports of domestic (AMDEA).
electrical appliances rose considerably. But since the fell by 2.6 considerably. But since the fell by 2.6 per cent in value middle of the year UK manuterms in August and in real facturers have been recovering, terms was over a fifth lower according to figures released than a year ago. However, UK

DOMESTIC APPLIANCES IMPORT PENETRATION Fridges Fridge/freezers Cookers machines 35.0 Tumble dryers Source: AMDEA

by the Association of Domestic Electrical Appliances οŧ

AMDEA says the UK market

producers increased the value of their deliveries by 5.8 per cent, compared with imports, which were 22 per cent down.
The market share of fridge imports fell from 47.4 per cent to 29.7 per cent in August and

cooker imports fell from 9.8 per cent to 3.7 per cent. The only sector in which import penetration grew was the small appliance market. Imports of irons, toasters and food mixers from Eastern Bloc countries in particular have increased in volume terms.

Figures for the first eight nonths of 1980 are still inflated by the surge in imports at the beginning of the year. UK manufacturers' trade deliveries are unchanged in value terms terms was over a fifth lower are unchanged in value terms than a year ago. However, UK over the eight-month period,

ment next month. The Government is deter-mined to go ahead with the plan in spite of outright opposition from hauliers, the professional civil servants union and the Freight Transport Association representing the transport in-terests of 16,000 British companies. Mr. Norman Fowler, Transport Minister, said in August he believed there was no case for keeping testing in

Hauliers to

oppose plan

to sell test

By Lynton McLain, Transport

MAJOR campaign against

the Government's plans to sell

Britain's 91 heavy goods vehicle

testing stations to the private

sector, is to be mounted by road

The plans, unveiled in a con-

sultation paper from the Trans-

port Department in August, are

being drafted into proposals for

This would create a state-

owned holding company for the

heavy goods vehicle testing stations and the testing of

public service vehicles, mainly

buses. This would be followed

by a sale of the stations on long

Full details will be in

Transport Bill to be announced

in the Queen's Speech to Parlia-

leases to the private sector.

stations

hauliers this week.

new legislation.

the public sector. Opposition is based largely on fears that testing and safety standards would fall under private ownership. The Gov-ernment, however, insists that standards will not be lowered by the proposed change.

Nevertheless, Mr. George Newman, the director general of the Road Haulage Association, is to tell delegates at the RHA's annual conference at Scarborough tomorrow that the association will enlist the support of "all possible sources of opposition, including the trade unions," to oppose the Government's plans.

Institution of Professional Civil Servants, whose 1,000 members in the test stations stand to lose their jobs has already come out strongly against the Government's plan.

The proposals were a to public safety" and would increase industry's transport costs, the union said last Thursday. The plans "to put of over £800m. lorry safety up for sale will The Hull and East Riding entice fleets of travelling deathlorry safety up for sale will traps on to the roads of Britain,

Vegetables cut grocery index

Dairy produce

Canned goods Frozen foods

BY DAYID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FINANCIAL TIMES Grocery Prices Index fell in October for the third successive month, mainly as a result of cheaper fresh fruit and vegetables. The index for October, published today, 126.84, compared with 127.41 last month.

Fruit and vogetables was the only item to show significant change, falling from £221.19 last month to £203.06 in October.

It is now likely that the traditionally more expensive winter crops will push this section up in price next month and lead to a slight overall increase in the index.

The index, showing the trend in food prices rather than absolute price levels, is based on data collected monthly by 25 shoppers who monitor the same list of 100 items in the same shops, ranging from superstores to small village grocers. Food sales, which remained sources. This is still to buoyant early in the year, were firmed by official figures.

1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74.
1980: January 120.47; February 122.32; March 124.18; April 125.94; May 128.79; June 128.53; July 129.04; August 128.41; September 127.41; October 126.84. substantially down in summer.

Sugar, tea, coffee and softdrinks Bread, flour and cereals

Preserves and dry groceries

Meat, bacon, etc. (fresh) Fruit and vegetables

auces and pickles

The Financial Times Grocery But after extensive marketing Prices Index is copyright and campaigns launched a month may not be reproduced in any ago food sales appear to have way without permission. All picked up, according to trade inquiries should be made to sources. This is still to be con- Lucinda Wetherall at the Financial Times.

FINANCIAL TIMES SHOPPING BASKET OCTOBER, 1980

108.57 51.64 190.39 726.67 521.18

2,696.85

Co-op boards accept merger details

BY OUR CONSUMER AFFAIRS CORRESPONDENT

merger between the two largest retail co-operative societies the London Society and Co-op Services—have been

DETAILS OF the proposed London Society, to be held over traditionally takes over retail the next two months.

Society as a means of improv-ing its trading performance in agreed by the boards.

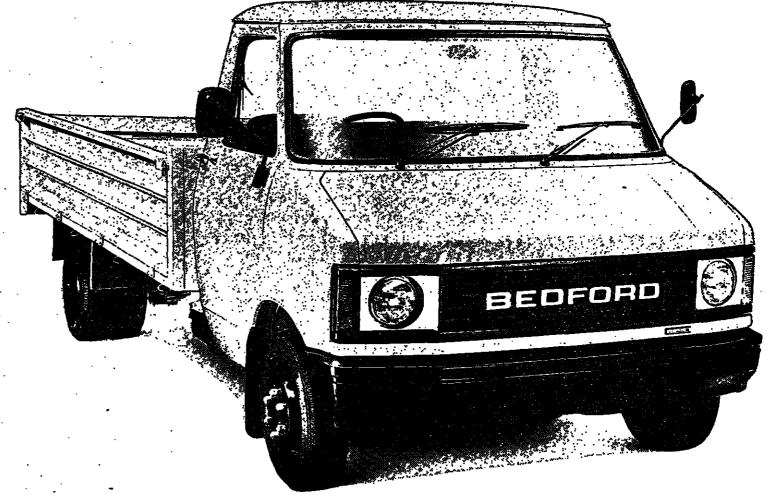
Ing. its trading performance in The Hull the proposals will now be the competitive conditions in Society is all put to special meetings of the Britain's High Streets. CRS CRS shortly.

societies in financial difficulties. The merger was first sought The merger would create a last month by the London trading group with annual sales

Society is also likely to join

IEW BEDFORD VANS & SMALLTRUCKS





TYLE. BUILT FOR BUSINES:

This new range of Bedford delivery vehicles is probably the most stylish on the road.

At the front, the vehicles have wider, deeper bonnets and big, sturdy, wraparound bumpers. Van models also feature new 5-function tail lamp clusters and rear wrap-around urethane bumpers.

But it's how they deliver that really counts. And here again, they look good.

These new Bedford vans and small trucks are reliable, economical and what's more, they're very competitively priced.

Braking, roadholding and handling are excellent, even with a full load.

The new exhaust system is stronger and quieter. Closer gear ratios on some models give improved performance, and the new GM 2,3 diesel combines power and flexibility with economy.

The latest interior is probably the best in its dass, and the easily removable front end greatly improves engine access.

Naturally, the model ranges are as wide as ever, with vans and small trucks from 2,3 to 3,5 tonnes GVW, and either petrol or diesel engines with manual or automatic transmission. So you can choose the power and payload combination that suits you best.

All in all, the new Bedford vans and small trucks could be the light commercials you're looking for.

Designed for style. Built for business. Which is exactly what you would expect from Bedford.





General Motors

is and total

304 countries his

National Configuration

bulk calf

BY MICHAEL CASSELL

possible by the Housing Act

—because of fears that local

as incomprehensible to the City

The recent squeeze on reserve

assets-which is responsible

for the silly overnight interest

rates-can be traced back to the

removal of Bank of England's

Banks operating in the UK are

required to match 121 per cent

of their eligible liabilities-

roughly speaking, their deposits

highly liquid instruments.

-with reserve assets, which are

Treasury bills, Government

small proportion of the total).

money at call with the discount

market and cash at the Bank of

England all count as reserve

strument of monetary control-

In the past, the 123 per cent

ratio has been a prudential and so crequirement rather than an in-

ASSETS (in thousands of U.S.S)

Fixed Interest bearing securities

Shares (including Associates)

Building and farm property

Mortgage and policy loans

Profit of the Year

corset controls in the summer.

money, and wonder why.

150 per cent for overnight no interest.

from today.

system.

WEIDEMANN JS TON TURRET PRESS CAPACITY 12018- X 50m X quarter-inch thick 32-station. MALMEDIE 4-station COLD HEADDER OPER excellent.

MATRIX THREAD GRINDERS.

The profit for the year is U.S. S62.0 million $(\pm 43.1\%)$.

and repair grants take effect deterred building societies from is disabled. making loans for improvement

Home grant rules ease today

Martin Taylor explains why spot checks will stop the market scramble

Every day will be a 'make-up day' for banks

Most of the reserve assets are controls were in place, the

per cent.

reducing the

Treasury bills in issue.

Trouble arises when the dis- and had seen their asset base

GENERALI

CONSOLIDATED BALANCE SHEET 1979

The General Council of Assicurazioni Generali, presided over by Mr. Enrico Randone, Chairman

of the Company, met to approve the Group Balance Sheet for the financial year 1979 as follows:

as to outsiders who might re- in finite supply, and banks are banks went to great lengths to as these banks have scrambled

unexpectedly. 1980 and are designed to A local authority will now be encourage the wider take-up of able to give provisional approval make it easier for applicants to grants for home improvement and to simplify the existing for an improvement grant to modernise individual amenities. someone who is still in the pro-The changes have been planned cess of buying a home and who hauled grants system, together has not exchanged contracts. for some time. Ironically, they

This is designed to help proscome into operation five days after the Department of the Environment told English offer of a mortgage on a house pective buyers to obtain a firm housing authorities not to in need of improvement when commit themselves to new a building society wants to make pile their spending forecasts capital expenditure on housing a loan conditional upon improve- and are expected to submit them including improvement grants ment work being carried out.

budgets were running out of Spending forecasts

As a result of the changes, a Grants will also be available Options include continuing local authority will no longer be on properties occupied by memable to demand the repayment bers of an applicant's family, without the applicant having to be a resident of the property inof an improvement grant if an volved. Rateable value limits within five years of obtaining for grants in housing action spending. The five-year rule is being areas are being abolished, and in who exceed their budgets are than capital expenditure, it said.

FOR THE last few months the England does not generally fry eligible liabilities-and thus its

London money markets have to engineer a shortage of reserve need for reserve assets-have

been operating in crazy condi- assets as a way of controlling the grown considerably in the past

But it has always been easy

to manufacture reserve assets

through the discount market.

A bank which found its loan

book growing rapidly could bid

for extra funds and put them

on call with a discount house.

count house does not want to

take in more money, typically

large a book as the discount

market's own prudential con-

trols, related to the house's net

money-or the more desperate

for reserve assets it imagines

the bank in question to be—the lower the rate of interest it will

offer. The reserve assets thus

become expensive to the bank,

and so does the increase in its

asset base, allow it.

because it is already running as run.

mark from time to time that unwilling to put much cash in suppress this growth. the money supply has grown by their accounts with the Bank Between the month

tions. Things have been almost growth of bank lending.

5 per cent in a single month or of England, because the central

that banks have paid each other bank very sensibly pays them

stock with less than a year to
The more reluctant a dismaturity, eligible bills (as a count house is to take in call

that is to say, the Bank of the case. The banking system's

MAJOR CHANGES in the abandoned because the Govern- cases where improvements are being left in no doubt that they system of home improvement ment believes its presence often necessary because the occupant will be penalised in the next

> The overall standard of rework and also penalised people pair required for a property who were forced to move home after improvement with the aid pair required for a property of an intermediate or repair grant is being lowered-to It is expected that the overwith the new maximum rates of grant available, will be in operation by mid-December.

In the meantime, housing authorities will this week comto the Department by Friday. Ministers will then decide, on the basis of the returns, what action to take.

expenditure (except mortgage loans under the council house sales provisions of the Housing Act) to cut certain types of

year although, when the corset

Between the monthly banking

make-up days for June and

September — the first three months after the corset's removal — eligible liabilities rose by 12.3 per cent, equivalent

to an annual rate of nearly 60

Meanwhile, many discount

houses had suffered losses as a

result of rising interest rates,

shrink, and with it the size of

the book they were allowed to

The discount market was no

longer in a position to produce

cheap reserve assets for the

The more expensive reserve

assets have become, the more banks have been tempted to

hold just a few of them for

much of the month and go up

to 12½ per cent only on make-up

ending.

day, the day when figures are it sees fit. At least, the figures
This has been increasingly collected by the Bank of collected should be a good deal by the Bank of

financial year.

The freeze in spending was described as "lunacy" this weekend by the Federation of Associations of Specialists and Mr. John Sub-Contractors. Huxtable, its director, said the move was "an act of desperawhich would have a devastating effect on programming and planning but little eventual impact on expenditure

Unrealistic

Local authorities found increasingly that they could not honour housing commitments except by exceeding the un realistic spending limits demand by the Government, he said.

The Timber Trade Federation said the freeze should-be lifted until the results of the returns were known. The Government should in any case address itself Those authorities to the problem of current, rather

Many banks are too large to

dare to do this, or too scrupu-

lous to consider it, but it has

certainly been going on. The result is chaos on make up day

to reach the 12½ per cent ratio —and the whole market has

make-up day figures are the

basis for the money supply cal-

culations, and indeed for all the Bank of England's monitor-

ing of the banking system. The

very high money rates have

allowed companies to draw

down their overdrafts at 17 per

cent to re-lend in the open

money market. This inevitably

exaggerates the total bank

doing now is to serve notice on

the banking system that it

month, and that it is prepared

to make spot checks between

At first, this may lead to up

ward pressure on money market

rates, as every day becomes a

sort of make-up day. The Bank

will have to respond to this as

What the Bank of England is

This is important because the

seen them coming.

lending figure.

make-up days.

more honest.

341,194

43,306

S7,101,822

banks. Worse still, the Bank expects full reserve asset cover of England was actually to be maintained for the full

amount of

Closure of pulp mill gives ports extra trade

By William Hall, Shipping

A HANDFUL of Scottish ports are facing near boom conditions as a result of the closure of the Fort William pulp mill and the start of a major export trade of British pulpwood to Scandinavia.

The closure of Fort William earlier this year has made more than 200,000 tonnes per annum of Scottish lumber available for

So far three ports, Grange-mouth, Montrose and Inver-gordon, seem to be handling the

The Forestry Commission is sending most of its surplus wood to a consortium of Norwegian pulpwood importers and to Billerud Uddeholm in Sweden. The private forest growers their wood to Sodra Skogsä-

to ship significant tonnages of Scottish timber through the port. It is expected that close to 70,000 tonnes will be shipped to Sweden before the end of the

traffic is up by nearly 40 per cent as a result of its new timber trade. Up to 3,000 tonne per week is moving through the port. It expects to export about 80,000 tonnes of round timber to Scandinavia next year.

Inverness is hoping that it will be used to export some 75,000 tonnes a year of former

fall by 7%
NEW ORDERS for the footwear industry fell by 7 per cent in the three months to the end of July when compared with the previous quarter, according to

In July alone, orders were placed for 88m pairs of shoes, valued at £43.3m. Deliveries in the three months ending in July were 1 per cent down on the previous three months.

Extended holiday

THE TOY company Combex is to lay off 250 workers at its Peterborough factory for four weeks over Christmas because of falling demands.

Crisis talks

THE UNEMPLOYMENT crisis affecting the North Stafford-shire pottery industry will be discussed today—between a deputation of MPs, industrialists as well as union officials, and Lord Trenchard, Minister of State at the Department of Industry. About 7,000 workers have been made redundant, and 70 per cent of the remaining 36,000 workers are on short-

Turner 'gift' for sale

A PAINTING by Turner which he gave to his landlady is expected to be sold for more than £200,000 at Sotheby's, London next month. The sale also includes a Gainsborough which, according to tradition, the artist exchanged for a fine-toned violin.

Mail director dies

SIR Geoffrey Harnsworth, a director of Daily Mail and General Trust, died on October 23. The company owns 49.95 per cent of Associated

Protests fail to prevent Cunard ships sailing

Its British officers ignored

their union's advice and are

sister ship, the Cunard Countess,

is strikebound in Barbados, and

The QE2, whose officers and ship's liaison committee were

earlier reported to be opposed

to the NUS action, sailed from

New York on Saturday at 5.0 pm

local time for a Caribbean

It returns to New York on

However, according to a telex past five years.

November 2 and will be back

in Britain on November 8.

cruise.

its crew are staging a sit-in.

BY OUR SHIPPING CORRESPONDENT

TWO OF Cunard's passenger 9.30 pm local time, is already received by the NUS from the ships, the Cupnard Princess and flying the Bahamian flag and the QE2, sailed on schedule at employing a non-NUS crew. the weekend in spite of union pressure to delay their departure in protest at the company's operating the ship normally. Its plans to transfer its two Caribbean cruise ships to the Bahamian flag.

Shortly afterwards, the National Union of Seamen (NUS) said the Cunard Princess now constituted a "maritime bulk of the exports.

hazard" because the Bahamian authorities did not have effective control over ships and the crew was not properly trained. The Cunard Princess, which left San Juan on Saturday at

compromising and apologising " and start fighting for the miners'

of under 10 per cent. Mr. Joe

He would not repeat his

earlier declaration that nothing

less than a rise matching the

cost of living would do.

Referring to the gloomy short

Clear run

Times

sale.

would cease.

By Our Labour Editor

for Sunday

THE Sunday Times yesterday

reported a virtually trouble-

free print run, one of the few

this year, in the wake of last

week's announcement that the

title, along with The Times

and its supplements, is up for

Over 1.5m copies of the 72-

page paper were produced for current circulation of 1.45m.

Printing unions, who we're

blamed by the Thomson Organisation for its decision to sell the papers or close them by March, had predicted

that industrial disruption

spots has been the press room

on the long Saturday night

mainly because of an un-

Petrochemical

jobs 'at risk'

A PLEA to secure the future of 870 jobs at the petro-chemical plant at Grange-mouth. Stirlingshire, has been

sent to the Prime Minister by the convener of Scotland's Coural Regional Council, Councillor James Anderson.

In his letter to Mrs. Thatcher, Mr. Anderson urges

the Government to ensure

that the gas gathering line proposed between St. Fergus and Nigg Bay is extended to take in Mossmorran, Grange-mouth and Teesside.

He says the council is worried that if the gas-based

petrochemical development at Nigg Bay and Peterhead is constructed, vast quantities of relatively cheap feedstock

could put the British petro-chemical industry at a dis-

advantage.

pay differential

One of the chief trouble

Stand firm on pay, says Scargill appears to be sending much of garna of Sweden. BY OUR LABOUR EDITOR Last week, Grangemouth signed a contract with Sodra runner for the presidency of the National Union of Mineworkers, yesterday called on the union's

Moutrose reports that its

Invergordon is expecting to move at least 100,000 tonnes of timber next year.

Fort William timber.

Orders for footwear

Government figures.

Electricity savings

THE 14 operating regions of the South Eastern Electricity Board are to be reduced to 11 under organisational changes due to take effect next-April. The plans are designed to save about £1m a year in operating

per cent of Newspapers.

Board have told us nothing new moderate leaders to "stop familiar sob story which they 35 per cent wage claim. After last week's outline offer from the National Coal Board have been giving us for the past 10 years. "I warn the Coal Board that we are not prepared to be moderates, who think a settle-fobbed off and I advise them to ment of 12 to 14 per cent would Gormley, NUM president, said the union had to be "realistic."

stop acting as agents for Tory -Government policy. Failure to concede the miners' claim will result in industrial action."

negotiations, for a 10-month period from January 1, is due offer.

MR. ARTHUR SCARGULL, the term economic forecast for the to be put to a delegate conleft-wing candidate and front- coal industry given to union ference before going out to a runner for the presidency of the negotiators on Thursday, Mr. ballot of the 240,000 miners.

union convener on the QE2

Mr. John Hiller, the majority of the QE2 crew support the

The NUS plans to immobilise

Last week, the NUS called for

the ship when it docks in

a one-day national stoppage on

November 3 and a strike on

Cunard's ships in an attempt to

force the company to recon-

sider its plans. Under the Bahamian flag

Cunard will be able to employ

cheaper foreign crews and

stem the £20m losses which the

two ships have run up over the

Southampton next month.

NUS stand.

Scargill, president of the York. It remains to be seen whether shire miners, said: "The Coal the fear of further pit closures Board have told us nothing new —now the subject of a separate and have merely reiterated the NUM campaign—will weaken rank-and-file support for the union's conference demand of a minimum wage of £100 a week.

This is the hope of the be enough to win majority support in the coalfields.

But closure fears could also add fuel to a militant campaign The outcome of the present against what will be interpreted

PLANT AND MACHINERY

PLANT&MACHINERY

1) ROLLING MILLS

·12in x 30in x 35in wide x 400 hp Four High Reversing MIII. 5in x 12in x 10in wide variable speed Four High MiII. 3.5in x 8in x 9in wide variable speed Four High MiII. 10in x 16in wide fixed speed Two High Mill. 10in x 12in wide fixed speed Two High Mill.
6in x 16in x 20in wide Four High Mill.
150 x 100 mm x 15 hp Two High Tape Rolling Mill.
110 x 100 mm x 10 bp Two High Rolling Mill.

2) 10in x 8in x 75 hp Two Stand. WIRE FLATTENING AND NARROW STRIP ROLLING MILL.

3) DECOIL FLATTEN, AND CUT/LENGTH LINES. (SHEETS) 1500 mm x 0.5 mm / 3,2 mm x 10 Ton / 15 Ton Coil. 1100 mm x 2 mm / 8 mm x 5 Ton Coil 1500 mm × 0.5 mm / 2 mm × 15 Ton Coil. 750 mm × 1 mm / 3 mm × 5 Ton Coil. 400 mm × 0.5 mm / 3 mm × 2 Ton Coil.

 DECOIL STRAIGHTEN & CUT/LENGTH LINES (ROD). 32 mm to 16 mm diameter x 2 Ton Coil. 16 mm to 6 mm diameter x 1 Ton Coil. 8 mm to 2 mm diameter x 1 Ton Coil.

5) SLITTING LINES

1220 mm x 3 mm x 5 Ton Coil. 920 mm x 5 mm x 10 Ton Coil. 920 mm x 2 mm x 2 Ton Coil. 300 mm x 1.5 mm x 1 Ton Coil, 36in and 48in Sheet Slitters.

6) WIRE DRAWING MACHINES

6 Block, in line. variable speed (560 mm dia x 25 hp D.C.)
9 Block, non slip cumulative (610 mm dia x 25 hp A.C.)
8 Block, non slip cumulative (560 mm dia x 25 hp A.C.)
6 Block, non slip cumulative (356 mm dia x 7.5 hp A.C.)
Horizontal Drawblock variable speed (915 mm dia x 75 hp D.C.)
Horizontal Drawblock variable speed (456 mm dia x 15 hp D.C.)
Vertical Drawblock (2) variable speed (610 mm dia x 25 hp D.C.)
13 and 15 Die Cone Type & Spooler, 4500 ft/min (2 machines).
9 Die Cone Type & Finishing Block, 750 ft/min.

7) BAR REELING & STRAIGHTENING MACHINES Platt 25 mm to 116 mm capacity. Robertson 9 mm to 32 mm capacity. Platt 6 mm to 18 mm capacity.

8) SHEARS AND GUILLOTINES

1220 mm x 25 mm Cincinarti Plate Shear. 510 mm x 16 mm / 50 mm x 50 mm PELS Scrap Shear. 25m x 3 mm high speed mechanical Guillotine. Keetone.

9) SHEET LEVELLING ROLLS 920, 1150 and 1850 mm wide. 10) HYDRAULIC SCRAP BALING PRESS, Fielding & Platt.

II) FORGING HAMMER 3 CWE, slide type, Massey.

12) AUTOMATED COLD SAW, non-ferrous, Noble & Lund. 13) BOTARY SWAGING MACHINE, 25 mm capacity

14) 28in COLD SAW, Noble & Lund.

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PLANT AND MACHINERY AUCTION WEDNESDAY, Sch NOVEMBER, NOON Entries will include 50 skip and demountable vahicles Many 77/78/79/80 Bedford, Leyland, SED/ATK, Foden and other types, also TR units and trailers, tippers, box yant

Some new vehicles, trailers, flats and tippers, skips. View: Monday/Tuesday, November 3/4c. Private treaty office on site. Auction site on M5, Junction 2 Island midway Wolverhampton-Birmingham Catalogues: 021-552 2803 Telex: 336193

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Announce the opening of two new branches:

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These Branches extend the services offered to expatriates to provide Life and Endowment Policies, Employee Benefit Schemes and Managed Fund Investment Facilities.

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1979 1978 1,979,315 1,710,289 3,918,640 3.155.556 396,091 457,364

396,925

61,986

\$8,554,027

Deposits with Ceding Companies Bank Deposits Accounts receivable and other assets	212,114 522,306 1,067,363	168,807 528.341 801,544	
•	\$8.554,027	\$7,101.822	
LIABILITIES (in thousands of U.S. S)			
Shareholders' surplus	521,796	44 3,813	
Underwriting reserves	6.794.341	5,644,234	
Reinsurance deposits	365,137	318,778	•
Other liabilities	810,767	651,691	٠.

This Balance Sheet consolidates 34 insurance companies operating in 35 markets; 4 service, 12 financial. 10 property and 3 agricultural companies, where Generali

holds directly or indirectly more than 50% of the shares.

Investments total U.S. St 1978: distributed as folk	7,486.7 m	illion (+ 18.8%	over
13. 6. 01901500cc cp 1080	Life%	Non-Life %	Total %
Italy	20.1	' 7.8	27.9
Other E.E.C. countries	33. 4	18. 4	51.8
Rest of Europe (not in			
F.E.C.)	8.5	9.7	18.2
Rest of the World	0.7	1.4	2.1
	62.7	37.3	100.0

Nett technical reserves amount to U.S. \$6,794.3 million

Investment income amounts to U.S. 5567.2 million.

Of the shareholders' surplus of U.S. \$521.8 million, 82.3% belongs to Generali Group.

ross premiums amoun	t to U.S. Si	3,518.4 million	(+18.1%)	
istributed as follows:	Life %	Non-Life %	Total %	•
taly	10.1	17.5	27.6	
Other E.E.C. countries lest of Europe (not in	13.9	30.2	44.1	
.E.C.)	4.6	19.5	24.1	•
lest of the World	0.8	3.4	4.2	
	29.4	70.6	100.0	-

Italian business in respect of Premiums. Technical Reserves and Investments amounts to about 30% and the Rest of the

The Stock Exchange capitalization of Generali has increased from U.S. \$858 million at the end of 1978 to U.S. \$2,388 million at -. the 10th September, 1980.

Scarg

TO GET YOUR BUSINESS GOING WE'RE ADOPTING A RATHER UNUSUAL POSTURE.

You may think that bankers' necks are constantly protected by high, starched collars.

But we believe that the time's come to stick ours out a bit, at least as far as smaller businesses are concerned.

We share the Government's view that a lot of thriving small businesses can do much for the country's growth and help reduce unemployment.

So we're using phrases not often found on bankers' lips, like "easy repayment terms" and "low security requirements".

Our Business Start
Loan provides start-up capital
for new projects: £5,000 to
£50,000 for five years.

One of the most attractive features is that you don't pay interest in the traditional way, on the amount of the loan outstanding. You pay an agreed amount of royalty linked to your sales performance.

So the amount you pay is likely to be lower to start with, when interest payments are least affordable.

You repay no capital during

the term of the loan, but you must repay it at the end. Unless we agree to convert it to a medium-term loan.

Security requirements are remarkably low. They boil down to a straightforward charge on the assets purchased. No personal security is needed at all.

Our Business Expansion Loan is designed to finance the purchase of

plant, property or any other capital assets which small or medium sized businesses might need to expand.

You can borrow from £5,000 to £500,000 for up to twenty years.

Repayments are made monthly and you can choose a fixed or variable rate of interest.

And because you may not initially make a profit from these assets, we can, where circumstances justify, grant a capital repayment "holiday" of up to two years.

Normally, the only security we require will be the capital assets you've purchased.

When "The Times" heard about our two new loans, they were not unimpressed. "Barclays Bank," they said, "is showing some imagination."

You might say we're sticking our neck out to give you a leg up.

A word with your local Barclays manager, or this coupon, will bring you more information on our new loans.

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Company

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BARCLAYS BANK

ANYTHING TO DO WITH MONEY, ASK BARCLAYS FIRST

6

Sir Frederick Warner is BSI president

Professor Sir Frederick time members of the North Savage. Mr. V. L. Holman, a ceeds Mr. Andrew V. Reznack Warner has been elected president of the BRITISH STAN-DARDS INSTITUTION in place Sight is the managing director appointed joint deputy chairman Alaska. of Lord Shackleton, who has of Baxi Heating, Preston, and retired after completing his Mr. Miller is the industrial three-year term of office. Sir liaison officer in Merseyside Frederick, who is principal concounty Council's economic sultant in the firm of Cremer development office. and Warner, consulting chemical engineers, was chairman of BSI from 1973-76 and has been a deputy president since then. In 1977, at the request of NEDC, he produced a report on "Stan- appointed a non-executive direc- as a member of the liaison dards and specifications in the tor of BAIN DAWES UK diviengineering industries."

McKECHNIE BROTHERS
states that Dr. J. M. Butler, the group chief executive, has also
RESERVE ASSET MANAGERS been appointed deputy chair- from November 1.

The Energy Secretary has appointed chief executive of re-appointed Mr. Ian C. Smith MILLS AND ALLEN MONEY and Mr. John E. Müler as part- BROKERS and Harlow Meyer of the London office. He suc- troller, to the Board.

joining the Board of BAIN DAWES. Mr. John Jolliffe has been

sion, western region.

Mr. C. H. Gregson has been

committee. RALPH M. PARSONS CO.

Mr. Cole will continue to serve

committee. Mr. L. L. Munns

Savage. Mr. V. L. Holman, a ceeds Mr. Andrew V. Reznack

of HARLOW MEYER SAVAGE. Mr. P. Robertson, a director of At the annual meeting of the FRIENDLY SOCIETIES LIAISON COMMITTEE, Mr. F. G. Board of DRAYTON FAR Fenton (secretary, Association of EASTERN TRUST, a company Fenton (secretary, Association of managed by Drayton Montagu Portfolio Management. Mr. Geoffrey A. Hargreaves is Deposit Societies) was elected chairman for the ensuing year, in succession to Mr. R. J. Cole. * . .

Professor Michael Adepoju Adeyeno has been appointed executive vice-chairman, LAW-(secretary of the Association of (secretary of the Association of SON-GROUP, Lagos, Nigeria, He Collecting Friendly Societies) was formerly the chairman of the National Bank of Nigeria and of the West African Provincial Insurance Company.

London subsidiary of Pasadena-based Ralph M. Parsons Com-pany, has appointed Mr. Marvin J. R. Whitehead, legal adviser R. McLain as managing director and Mr. J. F. K. Williams, comp-



Sir Frederick Warner

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or

not always available was not always available was finals. The sub-divisions shown year's timetable.

TODAY

COMPANY MEETINGS—
Experanza Winchester House, 77. London year Holdings. 20. Fenchurch Street. Board Meetings. 20. Fenchurch Street. Board Meetings—
BOARD MEETINGS—
Final:
Pochins Interimes Inv. Tst.
Dividen Inv. Tst. Consulare Corp. 11cts A and Consulare Consulare Company Significance Corp. 11cts A and Consulare Consulare Company Meetings 3.675p
Linfood Titles A B Company Meetings 3.675p
Linfood Titles A B Company Meetings 3.675p
Linfood Titles A B Company Meetings—
Company Meetings—
Significance Corp. 11cts A B Company Meetings—
Company Meetings—
Significance Corp. 11cts A B Company Meetings—
Significance Corp. 11 Interines Atlantic Inv. Tst.

Dutwich Inv. Tst.

Tst. ryman (1. and J.) 0-11-abs Johannesburg Cores, Inv. 208-41 Land Investors 0.8b Massev Fraguson Ln. 3-abs Merchaets 13t 1.75p Merchaets 13t 1.75p Schilaht Seveter 0.55p Wholesale Fittings 11p Wholesale Fittings 11p

COMPANY MEETINGS

Australian and Intin 15s. 120. Chespaide. Ec. 12.00

Cray Electropics The Institute of Directory Company of Comp Popular
Border and Southern Stockholders TSL
British Car Auction
CLRP Inv. TSL Atlantic Securities ore Para Rubber Estates

Interims:
Coales Brothers
Dorrington Inv.
Anglish National Inv.
Harrisons and Crosseld
Lake View Iov. Tst.
Reed Intil.
Runcoman (Walter)
Tozer Kengley and Millbourn
DIVIDEND & INTEREST PAYMENTS—
Blundell-Permoglase 6:pc/Pd. 2.275pc
Canadian Imperial Bank of Commerce
45cts Blundeli-Permoglaze 61:pcPld. 2.275pc
Canadian Imperial Bank of Commerce
45cts
Esperanza 4.2p
CS Hidgs. 2.25p
Turonto Dominion Bank 16cts
Turonto Dominion Bank 16cts
Turonto Dominion Bank 16cts
COMPANY METTINGS—
ASSOCIATED Darries. Headingley Pavilion.
St. Michael's Lane Leeds. 2.30
Change Wares. Winchester House. Old
Broad Street EC. 11.00
Broad Street EC. 11.00
Broad Street EC. 11.00
Romer Colus Car. Hethel, Norwich, 12.15
Link House Publications. Connaught
Rooms, Great Queen St. WC. 12.00
Walker (James) Goldsmith and Silversmith. 1 Glencagle Rd. SW, 12.00
BOARD MEETINGS—
Finals:

Finals: Sell (Arthur)

844e Metal Mines 25-35, City 12.00 ROBG, EC. 12.00 Guinness Peat. Winchester House. 77. London Wall, EC. 13.45 Jamalca Sugar Estates, 7 West George Street. Glasgow. 12.00 Kwahu. 25.35. City Rosd, EC. 2.30 Maynards, Vale Road. Finsbury Park N. 11.00 Naymards, Vale Road, Finsbury Park N.
11.00
Palmerston Inv. Tst. Winchester House,
77. London Wall, EC, 12.00
Park Place Invs., 136-142 Bramley Road,
W. 12.00
Saville Gordon (J.). Midland Hotel. New
St., Sirningham, 12.00
Sirder, Sective Mills Alverthorpe, Wakafield, 12.00
Talefusion. Connauduri Rooms, Great Queen
Street, W. 12.30

BOARD MEETINGS-Hepworth (J.) Simpson (S.)

Press (winner).
Weeks Associates
Yorkivde
DivideND & INTEREST PAYMENTS—
Bank Legmi le Israel 150.075
Corv (Horaco) 0.6p
De Beets Cons., Mitres Dtd. (Reg.) 25cts.
De Beets Land., Mitres Dtd. (Reg.) 25cts.
De Gest legislation 2.7p
De Chemical 40cts
El Ora Milning and Exploration 1.75p
Exploration Co. 0.875p
Israel Electric 8p
New Equipment 0.35p
Sandhurst Marketing 0.6435p
Schröders 3p
Security Centres 0.5p

New Equipment U.SBP
Sandaurst Marketing 0.6435p
Schroders Sarres 0.6p
Schroders Sarres 0.6p
Schwart Plastics 1.722p
Tilhdry Contracting Grp. 6p
Wate Grp. 0.72p
Wate Grp. 0.72 Yorkgreen Inv... 4.00 BOARD MEETINGS-

Herman Smith Linread Wood Hali Tst. Interime Wood Hall Tst.
Interlans
Nathan (B. and I.)
Wettern Engthers
DIVIDEND & INTEREST PAYMENTS—
APV Hidsp. 2.89
Pordland Cement 7'1pcPt. 2.6250c
Alrike Industries Ln. 34pc
Allva inv. Tst. 4.99
Amstill Pf. 34pc
Ash and Lary 59
Ash and Lary 59
Ashbourne inv. Ln. 44pc
Assoc Dairles Db. 3*pc
Assoc Dairles Db. 3*pc
Assoc Dairles Db. 3*pc
Assoc Electrical Inds. Db. 1pc
Asthury and Mudelt. Tst. 3p
Aveling Barford Db. 3*pc
Babook Industrial and Electrical Products
Babook Industrial and Electrical Products
Bath 11 4pcRed. 1985 5*pc
Bath and Pordland 7*4pcPt. 2.7125pc. Ln.
3*Jacc
Bath and Pordland 7*4pcPt. 5.7125pc. Ln. Bath 11 Locked. 1985 Samc
Bath and Portland 7-spcPl. 2.7125pc. Ln.
33-spc
Bath and Portland 7-spcPl. 2.7125pc. Ln.
33-spc
Bath and Portland 7-spcPl. 2.7125pc. Ln.
33-spc
Batheys of Yorkshire 10pcPl. 5pc
Beathle (James) Db. 31spc
Blathopsgate Tst. Db. 2-spc
British-Americal 10spc BpcPl. 2.1pc
British Mohair Solnners 0.96p
British Bott SpcPl. 2.1pc
Brown and Tawse 7pcPl. 2.45pc
Brown and Tawse 7pcPl. 2.45pc
Brown American ArtspcPl. 2.5pc
Brown American ArtspcPl. 2.1pc
Cambridge Watter Co. 4.2pc
Cambridge Watter Co. 4.2pc
Cantors Ord Sand A 7-spcPl. 2.625pc
Contribian 0.78pc
Corrithian 0.78pc
Corrouch Oberett 1.63p
Crowther (John Edward) StapPl. 1.925pt
Dawsports Brewerry SpcPl. 1.75pc
Dundee and London Int. Tst. 5pcPl. 1.75pc
Dundee and London Int. Tst. 5pcPl. 1.75pc
Blist Heroric Db. 34pc
English Electric Db. 34pc
English Electric Db. 34pc
English Erevery Db. 14upe, Ln. 3-spc
Foreign and Colonial Inv. Tst. Ln. 3-spc
Gerenfeld Leisure 10pcPl. 5pc
Helmz (H. J.) 4-spcPl. 1.575pc
Helmz

Jackson-(Wm.) and Son 7 bpcM. 2.625pc
Johnson Matthey Db. 35apc
Keetsaying Battery D. 2.775pc
Keetsaying Battery D. 2.775pc
Keetsaying Battery D. 2.775pc
Keetsaying Battery D. 2.775pc
Keetsaying Battery D. 2.75pc
Long L. 2.75pc
Long L. 3.75pc
Long L. 3.75pc
London Shop Property Tst. 52pcPt
London Metal C. 0.329 Metalras 0.329 Millord (Doneyal) Bakery and Flour Mills Spech. 2.1st and Haysom toucht. 3.5pc Mills and Allen 61-pcP. 2.275pc Mucklow (A. and J.) 2.2842p Mucklow (A. and J.) Z.cones Myson 19 My Pearson Longman 3.75p Pearson (S.) 3.75p Pearson (S.) 3.75p Pleason (S.) 3.75p Pleason Connectors Db. 2*apc Polymark 1.9p Pearson (S.1 3.7 ap Pleasary Connectors Db. 34pc Polymark 3.9p Portsmouth and Sunderland Newspapers 5.6pcPl. 2.8pc Priest Marians 6pcPl, 2.1pc Rada Jondon Coal 4cts, Prg. Pl, 3.7cts Rank Hovis McDoegall Ln, 33pc Rank Corpanisation Ln, 33pc Ranker Hollmann Pollard Ln, 4pc Renwick Grp. 4.9pcPl, 2.45pc Ricardo Consulting Engrs. 4.7p Reseditional Inv. Income 3.5p Ricardo Consultino Engra. 4.7p
Rosedinond Inv. Income 3.5p
Rosedinond Inv. Income 3.5p
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Rosedinon In Truman Db. 20c
Trusthouse Forte Dbs. 3,125(1984-89)
3,125 (1985-90) 3,625 5,25pc. Ln.
4,055pc. Ln.
4,055pc. Ln.
Twefonteis United Colleries 162cts
Yalor SupcPt. 2,625pc.
Waverley Cameron bpcPt. 2,1pc.
Westpool Inv. Tst. Ln. 21pc.
Whittingham (William) 71pcPt. 2,625pc.
Ln. 4pc.
Ln. 4pc.
Ln. 4pc. Whittingham (William) 7-pcPr. 2.625pc. In 48-2 James) 1.5p
Wilkes James) 1.5p
Wilkes James) 1.5p
Wilkes James) 1.5p
Wilkes James) 1.5p
Dividend & INTEREST PAYMENTS—
APV Hidgs, 3.15pcPr. 1.575pc. 4.55pcPr.
2.275pc, 5.25pcPr. 2.625pc
Ballic Mercantile and Salpping Exchange
Db. (cancelled 1/10/80) 1-pc
pell and sime 5pcPr. 1.75pc
pell 3.5pc
per 3.5p Herwood Williams SpcPf. 2-8pc. Db. 3pc Howden Grp. Dbs. 3's 44pc Howden Grp. Dbs. 3's 44pc Husdoons Bay 10.84pc Husdoon FacPf. 2-45pc IDC Grp. 1-21p ITT Distributors Db. 3'spc Imperial Grp. 2-75p. Lns. 3's 3's 4 5'spc Islington 12'spcRed. 1983-84 6'spc. 12'spc Red. 1986-87 6'spc

58.38
British Gestric Traction Db. Zippc
British Gas 3pcGpt: 1950.95 11pc
British inv. Tat. Steper[1, 18375pc
British Mohair Spinners Buch!, 2.1pc
British Shoe Bacch!, (2rd) 2.275pc
Cameron U. Wil 5pcPl. 1.75pc. SpcPl.
2.1pc British Shoe Beacht, (2nd) 2.275pc Cameron U. W. Speci. 1.75pc Epcht. 2.1pc
Cameron U. W. Speci. 1.75pc Epcht. 2.1pc
Chase Manhattan Corp. Cap. Notes due 1993 2-1pc
City Investing 37.5cts. Pr. Sers. B 50cts Coates Brothers 4-2pcht. 1.575pc
Coates Diss. 34 3apc
Dailed and Soas Broweries Db. 24pc
Daniel and Soas Broweries Db. 24pc
Daniel and Soas Broweries Db. 24pc
Dariel and Soas Broweries Db. 24pc
Davidon Cons. 7st. Db. 24pc
Drayton Cons. 7st. Db. 24pc
Edinburyh Inv. Tst. Db. 3apc
Electric and Gen. Inv. Tst. Db. 24pc
Esmark Inc. 45cts
Essar Petrolaum Db. 24pc. Db. Proposed
ressyment of the 54pc 1905.5kt. 19791983 at £95pc
Ferrant 3.85pcPt 1.925pc
Ferrant 3.85pcPt 1.925pc
Ferrant 3.85pcPt 1.925pc
Ferrant 3.85pcPt 1.925pc
Gasar 5.5pc
Gasar 5.5pc General Scockholders and Inv. Tst. StycPt.
1.925pc
Glazo Ln.
1.925pc
Glazo Ln.
1.925pc
Glazo Ln.
1.925pc
General StycPt.
1.925pc
Great Northera Inv. Tst. Db. 2*pc
General StycPt.
1.925pc
General Sty.
1.925pc
General Sty.
1.925pc
Hambroa Inv.
1.925pc
Inthia Inv missioners Port of Londonderry 31-pcCons. 13-pc M and G Extra Yield 3.2p McCaw Stewanson and Orr 51-pcPf. 1.75pc Marshall (Thomas) (Loxdey) Ord. and A 1.2p Marshalls (Halifax) 10pcPf, 5pc Merchants Tat, Db, 2oc Accorsing Memory Industry

Memory Industry

Memory Specific Cross

Norwich Specific Cirry 1 1-pc

Norwigh and Specific Cirry 1 1-pc

Partiant Textile 4-pcPf. 1.575pc

Platignum Specific 2.1pc

Recognity and Reversionary inv. 5pcPf.

Bridge) 0.75p

Or after 1-pc 1.75pc
Ratcliffs (Great 5-ridge) 0.75p
Ratcliffs (Great 5-ridge) 0.75p
Reckitt and Colman Db. 33pc
Reckitt and Colman Db. 33pc
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St. Andrew Tst. Db. 11pc
Scottish Agricultural Secs. Corp. 31pc
Db. 1963-93 11pc. 13pcDb. 1997-99 Reed Publishers Secs. Secs. Scottish Agricultural Secs. Scottish Agricultural Secs. Db. 1957-9-56-92 Scottish lav. Tst. 1.5pc.Ptc. 1.75pc. 3.85pc Pr. 1.925pc. 4.55pc.APr. 2.275pc South Africa 91ppcReg. 1979-81 41pc South Africa 91ppcReg. 1980-81 71-pc Angs. (Reg.) stock Exchange £4.25 Red, Anns. (Reg.) Stockholders Inv. Tst. Db. 21-pc Treasury In. 64pc 1995-98 34pc Triefus 20pcPf. 7pc Tunnel 3.65pcPf. 1.925pc. 3.5pcAPf. 1.75pc Tunnel 3.63pcPr. 1.925pc. 3.8pcAPr. 1.75pc
Union Intol. 7pcPr. 2.45pc
Union Intol. 7pcPr. 2.45pc
Union Street State Stat

Variable Rate Red Stk. 1982

legal construction—in lay lan- protection. guage, interpretation-of an the products liability policy excluding liability in respect of insurance contract is that the contract is to be construed strictly against insurers, since goods supplied, altered or in the normal course of business tested, not by Solent but by Sergrove Electronic Controls, insurers provide policy wordings for loss or damage caused by or arising out of the failure of endorsements and so on. As many decided cases show, any such goods to perform their it is up to insurers to get their intended function. words right, the sanction being It was undisputed that Solent

BY OUR INSURANCE CORRESPONDENT

that if they do not, the policyholder gets the benefit of any wider cover that the words in fact provide.

There are, however, occasions when the severity of this rule is mitigated, and an apt illustration is provided by the judg-ment of the Court of Appeal on Thursday in Nittan (UK) Ltd v. Solent Steel Fabrications: Cornhill Insurance Company Limited, third party.

The primary dispute, between Nittan (UK) and Solent Steel Fabrications, concerned malfunctioning of an electronic programmer controlling application of heat.

The programmer was supplied by Solent and an employee had not wired it properly. Proceedings were begun for breach of contract and neglibreach of contract and neglical clear that both insurers and is just and equitable as between gence in supply and maintenpolicy-holder had intended that the parties to allow rectification of the control system. gence in supply and mainten-

THE GENERAL rule for the Solent looked to its insurers for apply to Solent, and the appeal was heard favourably by all Cornhill denied liability, three Appeal Court judges. relying on an endorsement to

Courts always at liberty

to correct a misnomer

All three agreed that the exclusion clause, apart from the misnomer, applied precisely to the circumstances of the claim by Nittan (UK). There had been incorrect

1111

assembly by one of Solent's employees and insurers had intended that the exclusion should apply to such an event had previously taken over The only impediment to the Sargrove Electronic Controls application of the exclusion was and equally undisputed that the the misnomer.

draughtsman of Cornhill's Previously decided cases—
endorsement made a mistake in Lord Denning cited two from
naming the latter company, a the early 1960s—showed that no one could take advantage of a misnomer, and that the court incident giving rise to the was always at liberty to correct a misnomer. This being so, the judges agreed that Cornhill

the claim by Nittan (UK), sub-should not pay.

mitted to judgment, but Corn- In their judgments, the judges hill continued to dispute its put the correction of such a hill continued to dispute its put the correction of such a liability. In January Mr. Justice misnomer lower down the con-Wien held insurers liable to pay struction scale than what is £28,000 to Solent, saying that called the rectification of a the exclusion must be read contract.

strictly and that insurers must To ground a claim for rectifcation some mistake more sub-Cornhill appealed, saying that stantial than simple misnomer it should not be so prejudiced must be shown, and then the by a misnomer, when it was so court must decide whether it

This week in Parliament

mistake undetected and un-

corrected at the time of the

Solent, having no answer to

claim.

PARLIAMENTARY BUSINESS MONDAY, OCTOBER 27 Commons-Debate on National

Health Service. Health Service.

Lords — Local Government, Lords — Local Government, Planning and Land (No. 2) Bill, Planning and Land (No. 2) Bill, report, Tenants' Rights (Scotland) (Amendt.) Bill, third Select Committees — Scotland of

reading.
Select Committees — Treasury and Civil Service. Subject: Monetary policy. Witness: Sir Geoffrey Howe, Chancellor of the Exchequer. 5 pm. Room. 15. Public Accounts. Subject: Role of Comptroller and Auditor-General Witnesses: Comptroller and Auditor-General 5.30 pm TUESDAY, OCTOBER 28

Commons - Debate on procedure. Overseas Development and Co-operation Bill, second reading. Limitation Bill, all stages.

Lords — Local Government,
Planning and Land (No. 2) Bill,

report. Highways (Road Humps) Bill, reports. Select Committees—Foreign Affairs, Overseas development sub-committee. Subject: Energy implications of Brandt Report. 5.20 pm. Room 15.

WEDNESDAY, OCTOBER 29 Commons—Debate on Unem-ployment Education (Assisted Places) Regs.
Lords — Local Government.

abide by their mistake.

Select Committees — Scottish. Subject: Dispersal to Scotland of

Civil Service jobs. Whitnesses: Civil Service Department and Property Services Agency. 11 am. Room 5. Transport Subject: Roads White Paper, Witnesses: Mr. Kenneth Clarke, Parliamen tary Secretary for Transport, and officials of the department. 11.15 am. Room 17. Public Accounts. Subject: Role of Comp.

troller and Auditor-General: Witnesses: Mr. Edward du Cann, MP, and Comptroller and Auditor General, 4pm, Room 16, Welsh Subject: Broadcasting in Welsh. Witnesses: Independent Broadcasting Authority. 4:15 pm. Room 8. Employment. Subject: Legal immunities of unions. Witnesses: Association of Chief Police Officers, Institute of Directors, Mr. James Prior, Employment Secretary, 4:30 pm. Room 15. Treasury and Civil

Service sub-committee. Subject: Role of Civil Service Department. Witness: Sir Derek Rayner. 5pm. Room 6. THURSDAY, OCTOBER 30 ment.

Commons — National Dock Labour Board (increase of Loans Limits) Order, Regulated Tenancies (Procedure) Regs. European Community Document on driving licences, Statute Law Revision (Northern Ireland) Bill all stages

Lords - Broadcasting Bill.

report.
Select Committees—Transport. Subject: Channel link. Witnesses: British Railways Board. 10.45 am. Room 17. Home Affairs, Race Relations and Immigration committee. Subject: Racial dis-advantage. Witnesses: Committee of London Clearing Banks, Banking Insurance and Finance Union. 4.30 pm. Room

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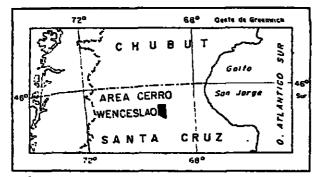
FRIDAY, OCTOBER 31 Commons Debate on references in court to Commons Lords—Civil Aviation Bill, third reading Highways (Road

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Call for bids contracting hydrocarbons development and exploitation works, according to the following detail:

LOCATION MAP.



AREA APPROXIMATELY: 35.455 ha - 22 a.

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• Opening of the bids will take place at the "General Belgrano" Hall, N' 777 Reque Saenz Péña

. The parties interested in bidding in this tender can buy Special and General Conditions of Tender at the GERENCIA DE LICITACIONES Y NEGOCIACIONES. Suite 832. 8th floor, at 255 Esmeralda Street, Buenos Aires, Mondays through Fridays from 03:45 to 12:30 a.m. and from 02:15 to 03:15 p.m.

. Information about this tender can also be obtained at our Technical and Commercial Office in the U.S.A. Argentine Government Olifields, 5 Greenway Plaza, Suite 210 - Houston - Texas,

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EMPRESA NACIONAL DE ELECTRICIDAD S.A. **ENDESA** REPUBLIC OF CHILE

COLBUN PROJECT TRANSMISSION SYSTEM

INTERNATIONAL PREQUALFICATION

Empresa Nacional de Electricidad S.A., ENDESA, intends to invite tenders during 1981 for the Colbun Transmission System. The Colbun Project entails the construction of two hydroelectric power stations with a combined capacity of 490 MW in its first stage. The Colbun Transmission System, which will represent a significant expansion of the National Grid, will consist of:

220-KV Switchyard at Colbun Substation.

500-KV Switchyard at Colbun Substation, including 220/500 KV transformers.

500-KV Single-Circuit Transmission Line Colbun—El Rodeo—Alto Jahuel (275 km).

Modification of the existing transmission line Colbun-Alto Jahuel of 220-KV double-circuit to a single circuit of 500-KV (235 km).

500-KV Switchyard at Alto Jahuel Substation, including 220/500 KV transformers.

Expansion of the existing 220-KV Alto Jahuel Substation.

Complementary works and equipments.

ENDESA not later than January 27th, 1981.

ENDESA wishes to provide opportunities for private investment and, therefore, intends to invite tenders for the Colbun Transmission System on two alternative bases:

ALTERNATIVE 1: CONSTRUCTION

ENDESA will contract, on a turnkey basis, the construction, supply, erection and commissioning of the Transmission System. Bidders will be required to offer finance in support of their bids. ALTERNATIVE 2: CONSTRUCTION AND SERVICE

ENDESA will contract a power transmission service with a concession company, which will construct for its own account and own the 500-KV section of the Transmission System (but not the existing 220-KV transmission line, once upgraded to 500 KV). In addition, ENDESA will contract, for its own account, with the same concession company the construction, supply, erection and commissioning of the remainder of the Transmission System, with finance to be offered by bidders. In evaluating bids, other conditions being equal, ENDESA will give preference to the Construction and Service alternative.

ENDESA invites PREQUALIFICATION applications for either or both alternatives. Applications

may be from individual companies or from consortia, but applicants must demonstrate their ability to undertake the design, construction, supply, erection and commissioning of the entire Transmission System. In the Construction and Service Alternative, ENDESA wishes to receive proposals from applicants

as to the form and content of the power transmission service contract between ENDESA and the concession company. This will assist ENDESA in drawing up the bid specifications on an equitable basis.

Under either alternative, ENDESA will invite bids only from prequalified companies and PREQUALIFICATION documents may be requested from Monday 10th of November, 1980 by letter, telex or in person from:

Jefe Departamento de Estudios para la Construcción Santa Rosa, No 76, Piso 11 Santiago, Chile

In addition, the PREQUALIFICATION documents may be also requested from: ENDESA's Representative in New York

One World Trade Center, Suite 5151 Manhattan, N.Y. 10048, USA Domestic Telex: 128203 FOMENTO NYK From other countries, Telex: 420722 FOM-UE

\$390 (Chilean pesos) or US\$10 each

The information requested in the PREQUALIFICATION documents must be received by

Prices for each set of these documents are as follows: Spanish version \$3,900 (Chilean pesos), (US\$100) English version \$4,875 (Chilean pesos), (US\$125). Registered air mail delivery of these documents will have an extra charge of

> EMPRESA NACIONAL DE ELECTRICIDAD S.A. P.O. BOX 1392, SANTIAGO, CHILE TELEX: 40491-NDESA-CL

ARAB REPUBLIC OF EGYPT

SUEZ CANAL

AUCTION SALE BID NO. 5/80 DUE ON 20 DECEMBER, 1980

The Suez Canal Authority issu Bid for the following:

(a) The new hull of m/v
"Aswan" floating alongside
Port-Said shippard quay at
Port Found.

(b) Its new equipment procured for the completion of the said vessel stored at Port-Said shipyard.

The tenderbook including specifications and general conditions is available at the Procurement Dept., Suez Canal Authority, Ismailia, A.R.E., against non-refundable charge of 20 L.E. (twenty Egyptian pounds) or \$35 (thirty-five U.S. dollars).

Closing date will be no 20 December, 1980, Ismailia time, and bids should be submirred in sealed envelopes

Offers submitted after this date or not accompanied with the provisional deposit, i.e. L.E. 30,000 (thirty thousand Egyptian pounds) or \$45,000 (forty-five thousand U.S. dollars) according to tender conditions will be disregarded.

Surveying the hull and its equipment at Port-Said shippard are allowed only during working hours through SCA General Stores at Port Found.

S.C.A. has the right to accept or reject any offer without giving reasons.

PERSONAL

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inimal methods of research. FRAME . 312a Worple Road London SW20 SQU

COMPANY NOTICES

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THE MANAGEMENT PAGE

What Whitehall found in the Boardroom

tions-for example on hygiene

a company's day-to-day opera-

tions. In recent months they

adjust to the problems of the

rcession within corporate poli-cies laid down by main Boards.

The companies themselves

have sometimes benefited from

hearing a new view on their

problems, as well as learning a little about how the Govern-

motivates civil servants in-

volved in Whitehall policy

and the civil servants have also

gained from informal contacts

developed outside the board-

Sir Peter Carey, Industry

Department permanent secre-

tary, who has been concerned

for some time about the lack of

mutual understanding between

Whitehall and industry. He

sees the boardroom scheme as

an extension of more traditional

full-time secondments between

Government Departments and companies. "I believe it pro-

vides useful experience for the

civil servants and is a positive

way of meeting criticism that

civil servants don't understand

industry and the way it works,"

says Sir Peter, who is hoping to arrange for two or three more

civil servants to join other com-

of interchange have existed for

some years, with civil servants

being seconded for periods of up

to three years to work full-time in private sector companies.

Sometimes there have been as

many as 30 civil servants from

the Departments of Trade and

Other more traditional forms

panies soon.

works and about what

Both the companies

In the first of two articles, John Elliott reports on a programme to give civil servants experience in industry

INVITING a civil servant to to general shareholders are watched companies go through meetings and take part in Second, a civil servant learns duct changes, and have also helping to formulate its policies about the sort of executive seen how Government regulais not every chairman's idea of decision-making corporate bliss. It also smacks outside his Whitehall experi- or the environment-complicate of a degree of Government involvement in industry which subsidiary boards usually have is no longer in political fashion no traditions of accommodating

Yet that is just what has as representatives of their been happening during the past parent boards) and thus are couple of years in three major not used to having outsiders groups — United Biscuits; Tunnel Holdings and Delta Metal-in an attempt to belp, increase mutual understanding between industry and

Each of these companies has month sitting in on board meetings of operating subsidiaries. Usually they have been unpaid observers, free to speak when they want to but without anything being expected of them in a formal sense. There is no responsibility involved, one is a privileged guest," says one of the civil servants. But one company — Tunnel — has made its civil servant a fully fiedged (though still unpaid) non-executive director.

Seven men have been involved so far, mostly high fivers in their-late 30s or early 40s from the Department of Industry, where the idea originated. One has come from the Treasury. - Care has been should happen," says one civil whitehall jobs will not be servants have expressed sur-compromised by any conflict of prise at how little is known interest, and this has been about Whitehall at the operathelped by the fact that two of ing board level in industry.) the companies—Tunnel and The civil servants have United Biscuits—mainly deal usually gained valuable prac-

Subsidiary rather than main Boards have been used for two involved. They have seen the rincipal reasons. raised by servants having to shoulder directors' legal responsibilities one or two cases they have

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company's board reduced, if not eliminated complex organisational and proence. One drawback is that non-executive directors (except

sitting in on their meetings. But the host companies have chosen subsidiaries with easily identifiable and understandable products—biscuits, cement and electrical plugs for example which has meant that the civil had one or more civil servants servants have not needed any spending a day or two eeach specialised knowledge to understand and, eventually, to contribute to the Board's

> The civil servants have been welcomed in the companies, although they have sometimes been aware of initial suspicions from people who have had little prior experience of civil servants apart from local regulator yofficials like a VAT inspector. As a result, boardroom discussion may have been inhibited for a time.

There's no reason why the works director should instantly welcome having a civil servant around just because his socially conscious chairman, who is used to Whitehall, has said it

the Departments of tical experience, although this Environment and Agriculture, has varied partly depending on not Industry.

has varied partly depending on the organisational and management styles of the companies First, the problems of running factories and the pressures and priorities of top line managers. In

Industry doing such work at any one time, with about 15 to 20 people from industry on return econdments in Whitehall. Some companies are also secommodating MPs for short periods to increase Parliament's understanding of industry. But many companies, especially those of medium size quite often find it difficult to give these MPs and the full-time seconded civil servants a useful enough managerial job for them to be taken seriously and to gain maximum experience. It is for this reason that several company chairmen are interested in the part-time baardroom arrangements, although some companies have decided not to become

Management Tomorow's Page will examine the experi-ments in Tunnel Holdings and Delia Metal.

involved because they do not

want civil servants in their

beardroom.

Belgium. **Business courses** Selection Financial Reporting in the EEC Coventry. new developments, Brussels. November 13-14. Details from European Study Conferences, Industrial and Business Studies, University of Coventry, CV4 7AL. Kirby House, 31 High Street Telecommunications in the Eighties, London. November 11. Fee: £. Details from Telecommunications Users' East, Uppingham, Rutland, LE15 9PY.

Labour Relations in Europe in the '80s. Brussels. November Association, Tress House, 3-7 Stamford Street, London SE1 26-28. Details from Manage Association, Tress Houment Centre Europe, avenue des Stamford Street, Londo Arts 4, B-1040 Brussels, 9NT (Tel: 01-928 5989).

THE IDEA of putting civil ervants into the boardroom secretary on electronics and computers, at UB Biscuits.

grew out of a conversation between Sir Hector Laing, chairman of United Biscuits, and a senior Industry Department civil servant. The Department of Industry official made a remark about boardroom life which apparently drew the brisk retort: "If that's how you think we operate, you'd better come and sit in on our meetings."

In the middle of 1978 two Industry Department civil servants became what Sir Hector calls "observer directors" on United Biscuits' divisional boards.

Brian Willott, then sistant secretary involved in industrial aid and now the secretary of the National Enterprise Board, went to the cakes division. John Warne, who used to be an under-secretary dealing with general industrial policy and now deputy director of the Office of Fair Trading, went to the biscuits division. They each stayed about a year. They were then replaced

John Cammell, an istant secretary dealing with the motor industry, who is attached to the operational board of UB Foods (the company has reorganised itself

ntry. December 10. Fee: Details from School of

UB's civil servants (1 to r) John Warne, Brian Willott, John Cammell, Robin Lingard into formal subsidiaries) and by Robin Lingard, an assistant

> Most of these civil servants feel they have contributed little to their boards' executive committee-style of dis-cussions, especially in their early months, because of the detailed nature of the subjects dealt with But, backed up by tours of factories and participation in management conferences, they have found their experience has helped to increase their understand-ing of industry to a degree which could not have been achieved just by company

learned quite a lot about industrial operations, about the financial emphasis, and about meeting customers' complex requirements," says Willott. A lot of time was needed to read papers and, like several of the others, he found he could not always free himself from Whitehall for the formightly board meeting in West London,

Warne's board met weekly and there was no suggestion that he should attend every meeting. He usually went every three or four weeks, which inevitably broke continuity and made it more

difficult to keep up with the

Cammell has found it even more difficult than Willott to get away, and recently had a seven- or eightweek gap between attendances. Mr. Lingard also attends every four weeks or so, and his board tries to organise its agenda so that it discusses an issue which will interest him - for example marketing or budgeting - as well as dealing with regular For these civil servants, the

meetings are not often likely to be intellectually stimulating. One or two have been amazed by the time taken nibbling a Bourbon biscuit, or discussing a cream slice, when deciding how well a factory has performed. But, as one of them says: "In its way it's relaxing and stimulating, because it's quite different from the macro and strategie discussions and decisions on companies that we sometimes become involved with in the Depart-

Sir Hector Laing is disappointed by the fall-off in attendances but is willing to carry on. "If they think it's all worthwhile, then we'll have some more."

First impressions

David Fishlock talks to students on a GEC-sponsored course at Bath University

confident group of students has just begun the first year of a new university course designed to produce a novel breed of British engineer. Each will have a guaranteed and responsible job to go to in the and GEC group on graduation in

The 38 are the first intake onto a course especially devised for GEC's Marconi subsidiaries (and described on this page on August 15, 1979). Before starting at the University of Bath they spent a four-week they spent a four-week induction period together at a management centre Marconi's headquarters centre near Essex, learning how to work as part of a management team. Not only did they get to know

installations, learned how a factory is organised, questioned eminent visiting engineers, and player business games. Above all, they got to know one another well, and how to work together. "It's

really comforting," admitted one of the seven girls among the 38 students. She choosing to read engineering ponent. but the month in Essex has dispelled them. "We think the course has worked."

The course originated from Marconi's view that existing graduate engineering education was taking too long to turn graduates into productive employees. The company wanted a course much stronger in a whole range of "support technologies" — people, commerce, and so on.

GEC is sponsiring the entire intake of students this year; 31 by Marconi group companies and the other seven from other GEC companies. The students have from three to 10 A-levels each, and good marks.

Did it worry them that defence dominates Marconi's activities? Not at all, they reply. "It's more interesting." volunteered a girl who is being sponsired by Marconi Space and Defence Systems, engaged on some of Britain's most advanced weapon systems. More generally, had she played with Meccano as a child? I asked. I wanted it but never got it." Rather than hearing about

in particular, Marconi learned how the students modern electronics company must conduct its affairs in a competitive world They learned about highly market. systems, and how to look at the company, as well as the product, as a system. They learned term used by their tutors to mid-1980s.

A HANDPICKED and highly cover all the customer and seller factors involved in creat-ing, making and selling a new product. They learned specific skills—how to solder, how to test modern electronics, how to approach the task of designing.

They were placed in groups of six or seven at the start of the course, each containing at least one female. There were plenty of problems in the first week, says Hugh Wassell, former engineering director of Marconi and a principal architect of the new course. But gradually they sorted them-selves out into management teams in response to engineering problems which demanded decisions. The teams delegated responsibility for aspects of the problem, obliged each member to speak up for Marconi's senior executives as well as their professors from the School of Electrical Engineering at Bath, they visited various electrical engineering ordinate the process, "Real various electrical engineering in miniature," says

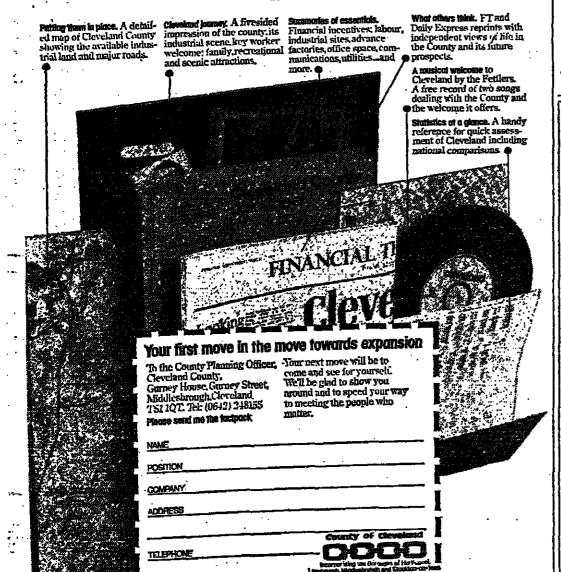
Lucia

The four-week course ended with a public presentation by each group of its progress with an exercise involving the design, manufacture, marketing. started with qualms about etc. of a simple electrical component. Each group had critically to appraise its own design and its subsequent business decisions and face questions from an audience of company executives and industrial training personnel.

For so brief a period of instruction the students displayed a remarkable degree of sophistication about the way high technology industry works. They were self-confident, lucid and highly articulate. They were frank about weaknesses in their knowledge and experience. and the limitations of their designs. They parried questions with aplomb. They ventured the occasional sardonic opinion -for example, about the company form one student had seen which implied that nothing was legal and binding on Marconi.

The students will be back with the company next summer, until 1984. Then they will spend their final six months with the company, before qualifying for an M. Eng. degree. Unfortunately one man who has done much to shape their lives for the next four or five years will no longer be with them, for Prof. Gosling, head of Bath's School of Electrical Engineering, has been head-hunted by a rival organisation. Plessey. Other companies may care to take their cue and prepare to outbid GEC for the services of what promises to be a new about 'product enterprise," a breed of British engineer in the

Eleveland factpack



investing in North Sea and America oil and gas production through

> Viking Resources International N.V.

Listed on the Amsterdam Stock Exchange,

The quarterly report as of 30th September, 1980 has been published and

Pierson, Heldring & Pierson N.V. Herengracht 214, Amsterdam.

The Association of International Bond Dealers Ouotations and Yields appears monthly in the Financial Times.

It will be published on the following dates in the remainder of 1980:

November 11

December 16

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British Institute of Management

£8.4m road work by Mowlem A BIG road job in south east fuel ash embankment on a will be supported by barrettes:

Building and Givil Engineering

be completed in the autumn of membrane. The work will include five Called the Thamesmead spine structures, the longest being road section 3, the £8.4m con- a five-span flyover carrying tract calls for 14 miles of dual the new road over Belvedere two-lane carriageway from Road and the southern outfall Harrow Manor Way eastwards sewer embankment. Three of across Erith Marshes to Yarnton the flyover's piers will be

founded on driven piles, while Over the marshlands, the the other three, owing to their road will have a pulverised proximity to the main sewers,

£2m orders for Mansell CONTRACTS worth over £2m Western under a contract

have been awarded to R. valued at £650,000. London and Mansell. Two of them are for Paris Properties has placed a Guy's Hospital: one is for the building of a mortuary, involving extensive alterations to second is the refurbishment and second is the refurbishment and modernising of the chapel wing.

Valued at £990,000 the works with the street, WC2, work has started Hague.

Abha Airport consultants of the Hague.

Abha Airport was completed modernising of the chapel wing.

Valued at £990,000 the works with the street of the National Provident Institution. This work, to the street of the place will be under the direction of architects, Watkins Gray. Both jobs are due for completion in

includes the modernising of the Middle Temple and offices at Austin Friars, London, Trustees of the Pollen Estate, EC2, for Southern and South are valued at over £200,000.

London, W1, while at Henrietta be completed by April 1981, is about £42.5m. valued at £196,000.

Other orders, including work October 1981. for the Industrial Bank of Further refurbishment work Japan, the Honorary Society of

£2.7m batch of contracts

COMPANIES IN the London and £260,000 contract for the con-Northern Group have won con- struction of a tenants meeting tracts worth over £2.7m.

These include awards worth £1.55m for Border Engineering 24 dwellings for North Eastern re-habilitation work on 50 Housing Association at Wigton, administration offices for British Gas Corporation at Workington and fire hydrant mains for Thames Board Mills also at Workington collectively worth 5480.000. Other contracts are for 28 dwellings at Appleby for Eden District Council (£409.258) and alterations to form new

offices at Lancaster for Lancaster District Council (£664,694). In North-East England, Wilsons (Spennymoor) has won new orders totalling £410,000 for re-vitalisation work for Sedgefield District Council and the North-Eastern Housing Association, while James Richmond and Sons has been awarded land drainage contracts Lincolnshire valued at

In Scotland, Simpson Mc-Laren, has been awarded a a 3,600 sq ft public house.

hall at West Drumoyne for Glasgow District Council and in the Midlands, E. Fletcher (Builders) Contractors of Whitehaven for has won a £340,000 contract for

£2m shops

Werrington District of Peter- old peoples' cottages and one borough New Town is to be built by Bryant Construction. and work, which is now starting, is due for completion in 30

The Centre will comprise 20,000 sq ft of shopping units and offices, a 30,000 sq ft supermarket, a police station, and

London has just been started by drainage layer of granular large cast-in-situ piles formed John Mowlem for the Greater material separated from the by diaphragm walling London Council. It is due to existing ground by a filter techniques.

Flyover at airport to be built

LAING WIMPEY Alireza has been awarded a £31m contract by the Saudi Arabian Ministry of Defence and Civil Aviation to build a two-span reinforced concrete flyover, approach roads and a 500 square metre extension to the terminal building at Abha civil airport.

Work starts soon and is due £185,000 order for refurbishing for completion within 15 and structural alterations to months. Consulting engineers form offices at Queen Street, for the project are Netherlands Airport Consultants of The

Coal winning iob for Wimpey

WIMPEY CONSTRUCTION has won a £2m contract for the winning of opencast coal at Wernos Colliery, Tycroes, near Ammanford, South Wales. The contract, which is just

starting, is for the provisional extraction of 125,000 tons of opencast coal and includes preparatory works and ultimately restoration work.
This National Coal Board houses at Bradwell for the

Borough of Newcastle-Underproject is expected to extend to April, 1983. A contract valued at £2.7m

for the erection of 174 houses in Glenrothes North at Collydean, has awarded to Wimpey.

The majority of the houses pany's No Fines system of con-A NEW shopping centre for the struction but 28 single storey

erection of 35 precast concrete

scheduled for completition towards the middle of 1982.

Mixture of iobs for Henry Boot

SEVERAL of the latest contracts awarded to Henry Boot are our bases. Altogether the awards are worth about £4m.

The contracts cover construction and finishing of blocks of tracts worth £4m. fiats overlooking the River Thames at Nine Elms. London. completion of an office block in Eastern Road, Romford, and an office block and multi-storey car park at Richmond, all for Samuel Properties.

Other work includes reforbishment of a Harley Street, London clinic for American Medical (Europe) and two jobs for the Boot's Company-extension and fitting out of a branch in Town Square, Basildon, Essex and similar work at the branch in Hessle, Hullhousing contract for Milton Keynes Development Corpor-

Modernising homes

CONTRACT for modernisation of 140 council homes owned by Inverness District Council has been awarded to Drake and Scull (Scotland).

This contract, which is worth £2.3m, involves the installation of central heating new bath. of central heating, new bathrooms and kitchens, and the re-wiring of all the properties, together with external repair work and structural alterations. The work is due to be completed by spring 1982.

reech gets

LEECH Construction the newlyformed division of Leech Homes (North East) has won two conalso been tracts totalling over £1m. The largest is worth just under £800,000 and entails the

will be erected in the com- building of 49 council houses at Errington Place, Prudhoe for Tynedale District Council. The other contract has been block of three/four storey flats awarded by Conder, Northern

uilt by Bryant Construction. of eleven units will be con- which has sub-contracted Leech
The contract is worth £2m structed in brick. tructed in brick. Construction to carry out the The contract also covers the main building works of a new rection of 35 precast concrete office block development for St. garages, paving works and James Properties in Newcastle, associated site works.

Leech Homes (Scotland) is The contract is due to start carrying out a £700,000 housing in November and is project at Innellan, Duncon, which will eventually accommodate U.S. Navy personnel.

TENDERS MUST BE LODGED NOT LATER THAN 10:00 A.M. ON WEDNESDAY, 29TH OCTOBER 1980 AT THE BANK OF ENGLAND, NEW ISSUES, WATLING STREET, LONDON, EC4M 9AA OR NOT LATER THAN 3:30 P.M. ON TUESDAY, 28TH OCTOBER 1980 AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND. TENDERS MUST BE IN SEALED ENVELOPES MARKED "TREASURY TENDER."

ISSUE BY TENDER OF £400,000,000

3 per cent TREASURY STOCK,

MINIMUM TENDER PRICE £72.50 PER CENT

PAYABLE IN FULL WITH TENDER INTEREST PAYABLE HALF-YEARLY ON 21ST MAY AND 21ST NOVEMBER

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to technic tonders for the above Stock.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom. The Stock will be registered at the Bank of England or at the Bank of Ireland, England, New Jesues, Walting Street, London, ECAM SAA, or at any of the Bertast, and will be transferable, in multiples of one new panny, by instrument the Witting in accordance with the Stock Transfer Act 1963. Transfers will be face of stame duty.

because, and was accordance with the Stock Transfer Act 1963. Transfers will be fee of stamp duty.

See of stamp duty.

See of stamp duty.

Secretary will be poyable half-yearly on 21st May and 21st November. Income to will be deducted from payments of more than E5 per annum. Interest wastants will be transmitted by post. The first payment will be made on 21st May 1981 at the tate of £1,6768 per £100 of the Stock.

Tenders must be lodged not later than 10.00 s.m. on Wednesday, 29th October 1980 at the Bank of England, New Issues, Wating Street, London, ECAM 9AA or not later than 3.30 p.m. on Tuesday, 28th October 1960 at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £72.50 per cent. Tenders must be made at the manimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

minimum price.

Tenders must be accompanied by payment in full, i.e. the price tendered (minimum of C72.50) for every £100 nominal of Stock tendered for. A separate chaque must secompany each tender; chaques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the lale of Man. Tenders must be in sealed envelopes marked "Treasury Tender."

Tenders must be for a minimum of £100 Stock sed for multiples of Stock as followers.

Amount of Stock tendered for

C20,000-£100,000 E5,000 E5,000 E10,000 C100,000 or greater E10,000 E10,000 or greater E10,000 E10,000 or greater E10,000 E10,000 or greater E10,000 E1

at the risk of the tenderer, but the despatch of any letter of allotment, and the refund of any oxcess amount paid, may at the discretion of the Bank of England be withhold until the tenderer's choque has been paid. In the event of auch withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him, subject in each case to payment of his cheque, but such notification will confer no right on the tenderer to transfer the Stock so allocated. In the event of partial allotment will be made for a less amount then £100 Stock. In the event of partial allotment, or of tenders at prices above the allotment price, the excess amount paid will, when refunded, be remitted by choque despetched by post at the risk of the tenderer; if no allotment is made the amount paid with tender will be returned likewist. Non-payment on presentation of a cheque in respect of any Stock allotted will render the allotment of such Stock liable to cancellation. Interest at the rate of 1 per cent per annum over the Bank of England's Minimum Lending Rate on a day-to-day basis may, however, be charged on the amount payable in respect of any allotment of Stock or which payment is accepted after the due date.

the amount payable in respect of any allotment of Stock for which payment is accepted after the dua date.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Benk of England, New Issues, Watling Street, London, ECAL SAA, or by any of the Branchez of the Bank of England, an any date not later than 28th November 1890. Such requests must be signed and must be accompanied by the letters of allotment, Letters of allotment, accompanied by a completed registration form, may be todged for registration forthwith and in any case they must be lodged for registration not later than 28th November 1990.

Until the close of business on 16th April 1987 Stock issued in accordance with this prospectus will be known as 3 per cent Treasury Stock, 1985 " A "; the cast date for ladgment at the Bank of England of transfers of " A " Stock will be 14th April 1981. The interest due on 21st May 1981 will be paid separately on existing holdings of 3 per cent Treasury Stock, 1985 and on holdings of A. Stock: consequently, interest mandates, authorities for income tax exemption and other notifications recorded in respect of existing holdings will not be appoind to the payment of interest due on 21st May 1981 on holdings of "A." Stock. From the opening of business on 21st April 1981 the "A." Stock will be amalgamated with the existing Stock.

Tonder forms and copies of this prospectus may be obtained at the Bank of Branches of the Bank of England, or at the Glasgow Agency of the Bank of England: at the Bank of Ireland, P.O. Box 13. Doneyall Place, Bellest BTI SBX: at Mullens & Co., 15 Moorgets, London, EC2R SAN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND 24th October 1960.

THIS FORM MAY BE USED TENDER FORM

This form must be lodged not later than 10,00 s.m. on Wednesday 29th October 1980 at the Bank of England, New lastes, Watting Street London, EC4M SAA or not later than 3.30 p.m. on Tuesday, 28th Octobe 1980 at any of the Branches of the Bank of England or at the Stategov Agency of the Bank of England. Tenders must be in seafed enveloped marked "Treasury Tender"

ISSUE BY TENDER OF £400,000,000

3 per cent Treasury Stock, 1985 MINIMUM TENDER PRICE £72.50 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND 1/We tender in accordance with the terms of the prospectus October 1990 as follows:— Amount of above-mentioned Stock tendered for, being a mining

Amount of Sove-mentioned Si in a multiple as follows:— Amount of Stock tendered for £100-£2,000 £2,000-£3,000 £5,000-£20,000 I NOMINAL ET.000 AMOUNT OF STOCK £

2 AMOUNT OF PAYMENT (a) enclosed, being the amount or payment in full, i.e. the price (minimum of £72.50) for every inal of Stock tendered for:— TENDER PRICE (b) The price tendered per £100 Stock, being multiple of 25p and not less then the linimum tender price of £72.50:—

I/We request that any letter of allotment in respect of Stock ellotted to us be sent by post at my/our nex to me/us at the address shown below.

MR/MRS MISS	FORENAME(S) IN FULL SURNAME		
FULL POST ADDRESS:	AL _		·
FT	POST-TOWN	COUNTY	POSTCODE

pany sech tender. Cheques should be made payable to the "Bank of England" and crossed "Treasury Stock." Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isla of Man.

The price tendered must be a multiple of 25p and not less than the minimum tender price. If no price is stated, thus tender will be deemed to have been made at the minimum tender price. Each tender must be for one amount and at one price.

STAMP OF LODGING AGENT

£4½m awards to Norwest Holst

CONTRACTS worth £49m have (£642,000), and for work in Water Research Centre for been won by Norwest Holst.

Among the larger awards is a Stanlow pipelines for Shell UK Blagrove Industrial Estate at £11m contract from Laing Pro- Oil. perties for the construction of Road, Neasden, London.

ing and civil engineering works to a factory at Knowsley Infor a coal preparation plant at dustrial Estates Corporation,

There is also a £183.200 consix industrial units at the Brent tract from Remploy for factory total to £44m have gone to Trading Centre, North Circular alterations at Dock Road Inoad Neasden, London. dustrial Estate, Wallasey, a Brodle (£241,000), Marshall Other contracts are for build- £71,450 contract for alterations Andrew (£435,000). British Air-Bolsover colliery in Derbyshire and a £14m contract from the

conservation standards.

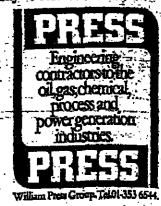
Export business has

tracts worth nearly £im.

cessfully negotiated contracts in

-Swindon, Wilts.--

Smaller awards, bringing the Norwest Holst companies Nott ways Authority (£285,000) and Eastbourne Waterworks Com-



Industrial

project in

Northampton:

PLANNING application has

been made for the industrial development of the site of the

former power station in North-

PROCE

Algi

Hallam Group kept busy

ments.

fee and management contracting. SPECIALIST IN instant accompany says has been tried and modation and system building, tested for over 25 years. Based the Hallam Group of Nottingham, has just announced con-

Volumetric housing accounts for £11m worth of new business contracts for the company's volumetric system which has been agreed with the City of Nottingham and Mendip District Council in the public sector. and Leech Homes in the private

sector. The company says it can deliver a house, decorated and fully equipped, ready for cladding, tiling, connection to mains services, and ready for occupation inside two weeks.

The company's Linpac system is to be used for additional office accommodation by the United Kingdom Atomic Energy Authority and Smiths Industries. This is an entirely portable, flexible, self-contained relocatable accommodation method which can be added to and altered to meet changing needs. Used extensively at Stansted Airport and in a major extension programme to Papworth Hospital in East Anglia is the

Derwent system which the com-

insulation

EXTERNAL AND internal insulation systems have been announced by Blue Circle Industries and Biltonglow.

A premixed rendering material for insulating outer walls is based on Portland cement, expanded polystyrene beads and resin additives, and needs only the addition of water on site. Called Thermacote, it is applied by trowel or spray, usually to thicknesses of between 30 and 60 mm, dependent upon the degree of thermal used in conjunction Fibrocem Blocmix and Blue Circle High Build says Blue Circle, to produce a thermally efficient, impact and weather resistant system which may be easily applied by any competent nlasterer.

Blue Circle has also launched Thermascreed. a polystyrene aggregate concrete premix for giving thermal insulation to floors and flat roofs. . It can be laid by conventional methods or and placed mechanically. When used for floors it can be sur faced with a sand cement screed, and on roofs a thin cement/sand-screed to provide a surface suitable to receive most waterproof coverings (more on 01-828 3458).

Said to reduce industrial heat ing bills by up to 25 per cent is a technique from Biltonglow (01-874 4422), which provides, in one operation, insulation, waterproofing and reinforcement of roofs, walls, ceilings and storage containers.

Urethane foam is applied by mixing resin and polyisocyanate together under pressure and then spraying it as a foam gel which expands to thirty times its volume within seconds

Solidification of the foam takes place during this expanding process to provide a rigid layer of about 20 mm thick. Any number of layers can be applied to give either the structural or the insulation factor required.

This system of treatment can be applied to most materials including wood, steel, plastic coated steel, asbestos, concrete etc., and, where necessary, additional treatment can provide Class I fire retardent properties.

Equipment is easier to instal

WHERE NEW air. handling equipment has to replace old plant in existing premises there is often a problem of accessi-bility — obstacles, buildings and clutter may have accumulated in addition to original restrictions - which is why Fastbuild should prove ideal, says Ventilation Equipment and Conditioning, 316 Latimer Road, London, W10 (01-969 7553).

This principally consists of a series of pentaposts which can be inter-connected on site with self-locating corner pieces and requires no special jigs or tools. All that is needed is one man with one mono-bolt gun

The Vequip unit can be assembled part-by-part provided there is adequate space to allow the main elements (fan, coil etc.) to be moved into the site area.

Component parts of the air handling unit module include pentaposts and corner pieces together with double-skinned enclosure panels. Latter are self-locating on the rebates formed by the pentaposts, involve minimal labour, and can be handled separately through an inaccessible area.

Estimating is not so on a range of standard sized panels, it is being continually laborious on a range of standard sized

developed to minimise maintenance costs and improve energy expanded with the announcement of Dutch and French con-

Estimating) the package was In the Netherlands, the Lindeveloped with government funding at Loughborough Unipac system is being used by local authorities in schools and versity of Technology. other educational establish-The company says it has suc-

France for Hallamcabin—a selfcontained, linkable, stackable and relocateable unit. Work overseas also includes the extension to a college in the introduction of Khalifa Town, Qatar, the design resources into any estimates of which is based on the Derwent system. This is the second extension to the college and brings the total contract value

A COMPUTER software package which releases the building estimator from the drudgery of calculation is now available from Genesys, the software house. Called "Interest" (Interactive

It is based on the manual procedures commonly employed in estimating departments and, according to Genesys, does not

attempt to replace the estimator or his method of working. Features include the ability to price bill items in any order, resources into any estimate and movement of money within the bill to achieve adjustments without affecting the overall tender price. Genseys is on. tender price. 0509 39185.

Consultant architects are Dennis Bray, Edwin Williams and Partners. Total area of the site is 6.63 acres and the proposals cover provision "nursery" units, offices, car parking facilities and access

amoton.

In brief Tenders are due to be

received at the end of this age and distribution depot at Carlisle, Cumbriz for Blue Circle Cement. It will occupy a 6-acre site and replace a temporary depot

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS Oct. 28-30 Electronic Test and Measuring Instrumentation Wembley Conference Centre

Exhibition (0822 4671)

National Housing and Town Planning Exhibition and Conference (01-886 5741)

Control and Instrumentation Exhibition (01-855 Computer Peripheral and Small Computer Systems Nov. 6-16 Nov. 8-16 Nov. 9-11 International Garden and Leisure Exhibition-GLEE (01-546 6757) Fast Food Fair and Conference (01-837 3636) Nov. 11-13 Nov. 16-19 Sunday Times Business to Business Exhibition (01-407-4046)

Nov. 24-29 International Food, Wine and Kitchen Exhibition

Metropole Hall, Brighton Harrogate Olympia

Kensington New Town Hall Earls Court National Exhibition Centre, Birmingham Metropole Hall, Brighton Cunard Intal, Hotel, W6 Post House Hotel.

OVERSEAS TRADE FAIRS AND EXHIBITIONS insulation required. This is Current International Exhibition of Inventors and Novel (01-681 7688) Nov. 47 International Trade Fair for Clothing Textiles Nov. 9-14 International Boat Show (01-540 1101) Copenhagen
Nov. 9-14 Middle East Building Materials and Construction
Industry Exhibition (01-486 1951) Bahrain
Nov. 14-23 Mining Industry Technical Fair—TECNOMIN (01201 7829 Technical Fair—TECNOMIN (01-681 7688) Lima International Packaging Exhibition (01-439 3964)... Paris Nov. 17-22 Nov. 19-22 Medical and Technical Exhibition and Congress-Nov. 24-29 Oil and Gas Industry Equipment and Services
Exhibition (01-935 8200)

Dec. 8-12 International Machine Tool and Woodworking
Show—METALASIA (01-486 1951)

(06284 2442)

Southampton Belle Vue, Manchester Magnum Exhibition Centre, Seou1 Frankfurt Dusseldorf

BUSINESS AND MANAGEMENT CONFERENCES Oct. 27-28 AMR International: Planning and Control Techniques for Managing Maintenance Operations Oct. 27-30 Brunel Institute: Job Evaluation—The settling of Amsterdam Control of Automated Assembling Machines
using I.C. Systems (01-579 9411)
Oct. 28-Nov. 1 ... Admap: What Price Marketing? Justifying Expendi-London, W5 Oct. 28-Nov. 1 Admap: What Price Marketing? Justifying Expenditure in a No-Growth Economy (01-379 6576).

Oct. 29-30 Institute of Personnel Management: Recruitment Advertising and Communications (01-387 2844)

Oct. 29 CBI/BASATA: India 1980 (061 707 2190)

Oct. 30-31 FT Conference: Australia—The Attractions for Future Investment (01-621 1355).

Oct. 30-31 AMD Legal: Essential Management Law—Refresher (07535 56047)

Nov. 3-4 FT Conference: Investment in Malaysia Vienna . ' London FT Conference: Investment in Malaysia (01-621 1355)

Gwilym Jenkins: Forecasting For The City (0524 61831)

Abscus: Health and Safety in the Printing Industry—Reducing the Risks: Avoiding Confrontation (0604 881300)

MTC: The Skills of Interviewing (0533 27082)

Graham and Trotman: Argentina and Chile—New Business Opportunities (01-493 6351)

Oyez-IBC: Food Law for the 1980s (01-242 2481) Nov. 5-6 Nov. 6-7

London Chamber of Commerce: UK/Soviet trade London Chamber of Commerce: UK/Soviet trade conference (01-248 4444)

Keplinger and Associates: Symposium on Oil and Gas Investing and Financing (01-584 4351)

IPM: Industrial Relation Law (01-387 2844)

Gower: Choosing and Using an Insurance Market (01-240 5931)

AMR International: Using Advanced Techniques in International Mechanics (01-262 2732) Nov. 17-18

AME International: Using Advanced Techniques in International Mechanics (01-262 2732)

Nov. 17

Institute of Directors: The Common Market (01-839 1233)

Nov. 18

Heliotechnic Educational: Opportunities for Marketing and Investment in Solar Energy (01-240 2430)

Nov. 18-19

FT Conference: Retail Banking (01-621 1355)

Nov. 20-21

FT Conference: Employment in the Sos (01-621 1355)

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Anyone wishing to attend any of the above events is advised to telephone the organizers to ensure

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NOVE 18, 19, 2

SI Nove

TEN BRITISH research teams

in industry and the universities are competing for a £50m chance

Only, one of the wavepower systems under development will

be chosen for full-scale trials off

the north west coast of Scotland

—the Government says that it is

So the teams have to prove that not only can their designs

stand the rigours of the wildest sea storms but that they can

produce energy at a price which

is competitive with power stations fired by coal, oil and

A new oil-fired power station

would produce energy at between 6.5 and 7.5 p/kWh; coal

costs only 3.5 p/kWh on average

and nuclear energy costs 2.5 p/kWh. At present the average

cost produced by wavepower devices is around 25 p/kWh.

Wavepower is also competing with other forms of alternative

energy sources such as wind-power, geothermal and biomass

which are beginning to look

more promising and may have fewer problems associated with

Industry observers believe

that by next year the long term

future — if there is one — for

wavepower will become clear.

The basic idea is to convert
the fluid power of the sea into
electricity which can be sup-

plied to the national grid to supplement the output of con-

their development.

too costly to try more.

• PROCESSING

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hi brief

2000

No in this case

NEELL

Algae purify effluent

ing chemicals group, has developed a process for the purification of industrial effluent by mass cultivation of algae-which can then be used. as protein for animal feeds.

A demonstration plant to produce 200 kilogrammes a day of dried algae will come into pro-duction at the beginning of next year. Tests are still being conducted on using the algae in animal feed mixtures.

The process involves the addition of carbon compounds, phosphorous, and other nutrients to the effluent to make it rich enough for algae culture. It was discovered in the course of finding ways of removing nitrogen from AECI's explosives factory at Modderfontein, outside Johannesburg.

This is an enormously suitable expensive process if done animals chemically," Mr. N. A. Lever, pigs. AECI's environmental and services manager, said. "As algae thrive on a diet of nitrogen, it was decided to study the feasibility of algal mass culture as a means of removing the nitrogen, and help defray costs by having a saleable com-modity at the end of the line." The company has successfully cultivated the algae, first in laboratory flasks containing

AECI, SOUTH AFRICA'S lead- non-organic nitrogenous effluent, then in small scale and pilot plant experiments. Problems of harvesting and drying the algae have also been over-

come. The multi-stage demonstration plan, costing some R750,000 (£420,000), will use methods already patented by AECI locally, and in Israel, which has a similar climate. Although similar experiments have been carried out in the U.S., Japan and Israel on organic sewage, AECI believes it is the first to use industrial effluent. "This could be a most

significant development in animal feed production," Mr. Lever said. "Algae can replace ingredients such as fishmeal and expensive soya products in animal feeds."

It is considered particularly suitable for mono-gastric animals such as poultry and pigs. Modderfontein's

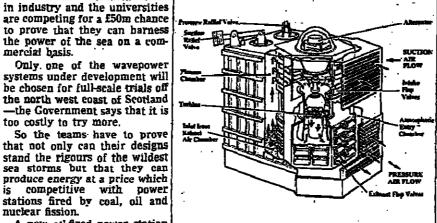
Modderfontein's specially cultured algae contain more than 50 may contain more than 50 per cent protein, com-pared with about 9 per cent for maize, and 8 per cent from natural grazing.

AECI is jointly controlled by Britain's ICI and the De Beers group of South Africa.

AECI can be reached on
Johannesburg 214651. QUENTIN PEEL

Splashing £50m on power from the sea

BY FLAINE WILLIAMS



Wave powered air-turbine generator, above; Lanchester Polytechnic's "ducks," 6 metres in length, right.

duck " technique where groups

of hinged platforms floating on

This mechanical movement is

translated into power by hydraulic means. Sir Christo-pher Cockerell's articulated

Both these systems are so

sufficiently advanced that one

tenth scale models have been tried out. Salter's ducks have

shown they can provide energy at 20p/kWh while Cockerell's raft shows results of 30p/kWh.

Other researchers have em-

raft uses the same principle.

first types is exemplified by Mr. of air through a turbine which Stephen Salter's "nodding then drives electric alternators to supply electricity.

Vickers is working on a ver-sion of this which it calls an oscillating water column and has produced electricity at a cost of 15p/kWh. Vicker's device is submerged beneath the sea's surface and anchored on the seabed.

A full scale installation would be 30 metres in diameter and 17 metres high, covered by about 7 metres depth of water. Two removable power modules, each containing an air turbine and generator, together with ventional power stations.

Designs for harnessing this ton" action of waves. This is are placed above the column energy are legion. One of the used to force a trapped amount and locked into position.

Based on this device Vickers has produced two other designs which the companies believes will eventually halve the cost of producing energy. About 90 per cent of the cost is simply to make the equipment. The Department of Energy recently provided £250,000 grant so that Vickers could carry on its work

for another year. Other examples of this kind of device is the "wave piston" under development at the tories at East Kilbride in Scot-land. In 1978 they produced energy at a cost of 40p/kWh but this has since been improved to between 5p and 15p/kWh.

with a company called Wave-power, has a system which uses structure—containing two air filled bags. As the wave moves along the length of the device the bags are compressed and the air is moved in pulses along ts length. These are fed brough a turbine to produce

electricity.
This simple system has emerged as one of the most promising. When it was first tested in 1978 it could then produce energy at a cost of about 8p/kWh. Bristol University used the

idea of an air bag. This is a huge floating cylinder anchored so that it is parallel with the oncoming waves. The cylinder moves in a circular motion as the waves pass over it. This causes a downward force on the mooring cables. This force can be used to drive several pumps connected to a generator. Another relatively new device

which produces low cost energy is known as the "clam" and is

spine with several hinged flaps connected to it. Air bags conected between the flaps act like

bellows and pump air through turbines as before. The major difficulty in choosing one system out of many is that the one that produces the cheapest energy may not be the most suitable in the long term

Industries. WI NORGREN LTD. IMI

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and Petrochemical

operates by pumping air from one air bag to another-a fault in just one of the bags causes the whole system to fail.
On the other hand, consumers

are unlikely to be willing to pay twice as much for their electricity provided by wave-power simply because the system is stable and reliable.

LABELLING Resists the weather

which produces low cost energy is known as the "clam" and is under development by Lancaster Polytechnic and Sea Wave Associates. In trials it has produced energy at only 6p/kWh.

It comprises a floating central for the product, and is suggested for the product of the prod gested for warning instructions and identification labels in extremes of environmental conditions,

Dispensed by hand-operated, semi and fully automatic dispensers and applicators with either mechanical, photo-electric or air-sensory systems, the labels are called Tyvek 75 and tis has since been improved simply because it may be less produced by Bunzl Adhesive between 5p and 15p/kWh. reliable than the more expensive Materials, Meteor House, White Lancaster University working versions. For example, the claim Lion Road, Amersham, Bucks

SECURITY Safe storage of tools

LOSS OF tools on site can cause is built of 3 mm continuously expensive delays, as well as the welded steel fitted with a cost of replacements, and a specially protected high security solution to these problems is offered with the introduction of a roomy security chest for safe the chest is opened and, as an storage of tools, equipment or extra precaution, locking pins valuables, from Rentokil company Crusader Security of the lid.
Products. Security House, 7
Albion Place, Maidstone, Kent
(Maidstone 677031).

Are fixed awing the leading edge of the lid.
The chest can be bolted to any surface through base holes reinforced with 6 mm plate and

insurance companies as a secure tion sites, dockyards, railyards

lock conforming to BS 3621.

A special floating hinge is provided for easy access once

This has been accepted by is said to be ideal for construcform of storage, says the com-pany, and has a capacity of 16 situation where costly equip-cubic feet, weighs 194 lbs, and ment needs to be kept securely.

MATERIALS

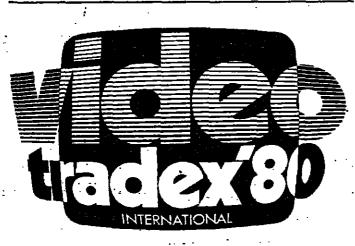
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The fourth Video Tradex International is coming to Wembley Conference Centre from November 18-21. As always, it's Europe's largest video trade show. Only its larger and more exciting than ever before.

Because as well as exploring the very latest techniques in video communication and production, we'll be featuring over 60 of the video industry's top names, all proudly demonstrating their products and

And in conjunction with the exhibition is this year's Video Tradex Conference. Our authoritative guest speakers will cover a wide range of subjects, from the uses of video in Education and Business Information Storage and Retrieval, to the technical aspects of Closed Circuit Television, and Video Programme Production and Distribution. Conference capacity is limited to 250 seats, so early booking is

For more information, tickets and conference details, fill in the coupon below and send it to: Ken Warton or Janet Tring, Video Tradex International '80, Link House Magazines (Croydon) Ltd., Link House, Dingwall Avenue, Croydon CR92TA. Tel: 01-686 2599.

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Ask the question.

- 1 Can I get extra share capital and retain my independence?
- 2 What do I need to expand my business?
- 3 Can we pay you back over as long as 20 years?
- 4 How do I get a contact in Singapore?



- 5 What's the best way to borrow some money?
- 6 Can you help me install a new payroll system?
- 7 How can I getlarger premises:
- 8 What help can you give me with my Capital Transfer Tax planning?
- 9 Should I buy my equipment or lease it?
- 10 How does your venture loan scheme apply to me?
- At the Midland we like listening to tough questions.

And we like coming up with the answers even more.

So ask the question.



Come and talk to the listening bank

BY SAMUEL BRITTAN

duct has a slight edge.

This is the patriotism of the simple-minded. Apart from anything else, it will simply drive up the sterling exchange rate still further, and lead to a loss of exports comparable in size to the import-saving

Nevertheless, if people want to act patriotically, there is something they can do. This unemployment have taken over would be not to "buy British," and encouraged people to in-"buy French," or "buy crease their nest-eggs. Con-American," but simply to buy. sumer spending has fallen from buy French," They should make purchases £18.1bn in the first quarter of now, which might otherwise 1980 to £17.5bn in the third have been deferred for a year quarter. The savings ratio has

Consumer spending is now adding to the forces making for 13.8 per cent in 1979, and 14.3 per cent in the first half recession. It could be usefully of 1980. stimulated without rekindling inflation-if it is done without destroying the Government's monetary and fiscal strategy.

The issue comes to mind be-cause Mr. Wynne Godley, writing in the Times of October 22. reminds me of an article of my own on June 28 last year. This was entitled "Cheers for a Strong Pound." In it I cited work co-authored Professor Terry Burns on the effects of sterling appreciation.

Competitiveness

It suggested that after four or five years the adverse effects the change sufficiently early. on competitiveness would have disappeared (assuming that there are no forces such as North Sea oil requiring a decline in competitiveness). The main results would be a lower rate of British inflation over credibility of the Government's the period. A subsidiary argument was that, even in the first couple of years, when competitiveness was suffering, there would be a negligible effect on output and employment.

Professor Burns is well able to speak for himself. My own reasons for believing the argument were that there are many offsetting forces acting to stimulate real spending when the

MANY misguided people, some cause of lower inflation, both of them in very high places, actual and expected, people are urging us to "buy British." have to save less to maintain even where the foreign pro- the real value of their financial "real balance asset (the effect").

> I still believe that the net short-term effects of currency appreciation on output can be in either direction. But at present the depressive effects are proving stronger. The reason is that, although the inflationary motives for saving have declined, fears of recession and "buy crease their nest-eggs. Con-

> > isen from 10.5 per cent in 1977

Voluntary

The great advantage of a voluntary spending spree is that it is self-correcting. For given long-term incomes, if buy less later; but in the meantime they will have helped to By contrast, a Government fiscal stimulus—say, through the use of a consumer tax regulator-would be far more difficult to reverse. Apart from economic wishful thinking, political pressures would make it extremely difficult to reverse

Even more important, a discretionary increase in the Budget deficit, over and above that brought about by the refinancial strategy and add worsened inflationary expectations to the existing problems of recession. A self-generated increase in spending need not have these perverse effects.

Of course, higher consumer spending might lead to a slower fall in the cost of borrowing for Government or industry than might otherwise be expected. But at present, the

11.35 The Past at Work.

All Regions as BBC1 except as

follows: BBC Cymru/Wales—1.45-2.01

the customer is often wrong in law

year the ordinary citizen was his own best guide as to what he bought. When he purchased a pound of tomatoes he had only himself to blame if they were unripe.

Even then, the law stepped in from time to time to protect the buyer of adulterated wine or mouldy bread. But consumer protection was on a limited scale, available to the buyer only against his seller.

Protection

Today, with such an enormous variety of goods available — many of them pre-packed or mechanical or of intricate workmanship so defects or deficiencies are effectively unseen — the need for consumer protection is much greater.

In the highly complex world of consumer services, legal rules are required to redress the imbalance between the individual purchaser and the manufacturers and suppliers of goods.

Retailers, manufacturers and those who provide the manifold consumer services have for long banded together in trade organisations and associations to respective interests, often to the detriment of the consumer. Only in the

IN THE simple world of yester- past few years have consumers these interests.

of the consuming public that the customer is always right, but in floor to find out what went the eyes of the law the saying wrong. has never been significant. Times, are, however, changing occur where a medicine is and the law is gradually attaching importance to the need to protect the purchaser. This fact is reflected in an important bookjust published, An Outline of the Law of Product Liability and Consumer Protection, written by a practising solicitor, Ronald Irving. The title itself reflects

the novelty of legal concern. Product liability is concerned tors for injury or damage caused by defective products. It is a term that has transatiantic origins and is just beginning to find its way into the vocabulary of the English lawyer.

Defective

As the English lawver adopts the American pattern of development in the field of consume protection, so inevitably will manufacturers find themselves whenever a defective product causes personal injury.

At present, the manufacturer's recognised the need to join to-gether to combat the effects of based on the notion of fault. To that an article must be reasonhese interests.

prove negligence is often ably fit for its purpose. If the (Mr. Frost successfully sued, as it may be a cherished adage extremely hard, at least if the seller failed to comply with this the buyer, for the loss of his would buyer has no access to the factory

Almost a century ago the Sale requirement it was no excuse for him to say he took reasonwrong. able care, or even all possible sation, even as the law stands. The most serious tastances care to guard against the defect. at present. Such strictness of liability

THE WEEK IN THE COURTS

BY JUSTINIAN

Complex consumer services a reason why

thalidomide disaster is a case in has for long imposed a strict liability on the retailer but as pensation. yet has not extended the same liability to manufacturers.

ability to manufacturers. v Aylesbury Doiry where Mrs.

The manufacturer's liability Frost died after drinking milk is related solely to negligence, contaminated with typhoid. The Consumer Safety Act 1978 judge accepted as fact that no is a notable exception. A manufacturer or dealer who supplies goods which breach a regulation made under that Act is subject to strict liability for the breach. to compensate the husband:

with the civil liability of manu-marketed without sufficient was, however, only the seller's facturers, retailers and distribu- research into the potential side- and not the manufacturer's. A shop keeper who sells a tin of food that turns out to be point. Similarly, dangerously infected cannot excuse himself designed vehicles can be hazards from meeting a buyer's claim to life and limb. English law for medical expenses, loss of time off work and general com-

> extra care taken by the dairy could have prevented or detected the infection. Nevertheless the dairy was held liable

That case pointed, however, Goods Act 1893 laid down to a serious gap in the law. Had at an article must be reason. Mrs. Frost survived and sued

wife's "services") she would have had no right to compen-It is the urgent need to close

this gap, by conferring on members of the buyer's family the same rights as the buyer. that has led to calls for legislation. Owing to a deeplyimbedded adherence by English judges to the rule of privity of contract, such a development has been stunted:

(In some of the claims against travel agencies the courts have recently been taking into account the distress to the consumer's family caused by a spoiled holiday.)

Liability

Our judges have declined to The classic case was Frost emulate their brethren in the United States, where a preparedness to abandon the concept of negligence in favour of strict liability has led to a real protection for consumers.

And it is perhaps too late to expect that any change can in the face of ove come from that source. Only clamour for change.

Parliament can effect the radio cal shift in product liability.

licycle Th

RISC

Edn ard

The draft EEC directive on product liability proposes that a producer should be held strictly liable for damage caused by a defect in any product he puts on the market, unless he can prove it was not defective when he put it into circulation,

Change

If that proposel is accepted by the member States of the EEC it will effect a profound change in both inter state trade as well as national trade.

In March, 1978, the Royal Commission on Civil Linbility and Compensation for Personal Injury reported in favour of placing strict liability on the manufacturer for personal injury or death. But, unlike the EEC recommendation, it did not think that the same liability should cover damage to property

There still lurks, even among legal reformers, a refuctance to go all along the road towards the fullest protection for consumers against those who put defective goods on to the market. Legal traditions die hard, even in the face of overwhelming

WHITEHALL THEATRE 01-930 7765 CC Paul Raymond greenis Frona Rich-Mond and a Bedfal of Bedfal of No. NO PYLAMAS. Evgl. 8.30. Fr. Sec. 6.75 and 6.30.

YOUNG YIC, 928 6363. Eves. 7.30. Shakespeare's LEAR.

ASC T & Z SHATTESHURY AVE. 838 8861. Sep. peris. AB seaty bidshi. 1: A Sanney Kuorick Film This Shinking (X). Wk. & Sun. 1:30 4.45. 8.00. 2: THE ELEPHANT MAN (AA). Wk. & Sun. 1:30, 4.45. 8.00.

LIST performence pookable: 1: LA CAGE-AUX FOLLES (AA). Progs. 3:30, 6-25, 9-3: 2: BEING THERE (AA). Progs. 1.45.

The two-year-old race to forget

have been a more disappoint- at Newbury. ing race for a group one event than Saturday's William Hill Futurity. The favourite, Robellino, looked to be feeling the effects of a busy summer as

RACING

BY DOMINIC WIGAN

he came under pressure, to no avail, fully three furlongs from landing the 2,000 Guineas, home, while the Criterium and 25-1 about the same colt, winner, Recitation, was done with soon after.

He, too, may have been going to the well once too often. It was left to Beldale Flutter and Shergar to fight out the finish currency appreciates. Consumer net effect would almost certo the season's most valuable income is raised because of tainly be expansionary. For two-year-old race, which probbetter terms of trade; and, be-your country's sake, spend now. ably took little more winning

THERE CAN seldom, if ever, than the average maiden event, There his "banker" is, surely

The winner, Beldale Flutter, a particularly astute buy by Michael Jarvis at \$20,000 (about £8,300) had previously finished only fourth behind Robellino in the Royal Lodge Stakes, while Shergar had lined up for Saturday's near £40.000 prize with one maiden success behind him.

All in all, the general post race quotes among the multiples of 20-1 against Beldale Flutter in the Derby, look cautious to say the least. A more realistic price for either race would probably be 50-1.

Today, Willie Carson should, finally, put the jockeys' cham-pionship beyond Lester Piggott's reach with two or three winners at Chepstow.

Killer." 5.15 University Challenge. 6.00 About Anglis. 6.30 Survival. 11.46 Barney Miller. 12.15 The Other

1.20 pm Midlanda News. 1.30 About Britain. 2.00 Farmhouse Kitchen. 2.30 Something Different: Jeen Palmer and her mongol child. 2.45 Film: "Grass-hopper Island." 5.15 Mr. and Mrs.

10.30 Left, Right and Centre, 11.10 News, 11.15 Dangar UXB, 12.15 am Something Different: Irens Ison, clairsoyant and paimist.

BORDER

CHANNEL

GRAMPIAN

GRANADA

ATV -

John Willoughby in the final division of the Whitsbury Manor Stakes. At Nottingham, where Piggott's presence should help the turnstyles, I hope to see Dobrina score for Breasley.

CHEPSTOW

L30—Rags and Bags 2.00—Royal Heritage 2.30—Dunderave**
3.00—Paddle Wheel*

4.00—John Willoughby NOTTINGHAM

1.30—Hit the Road 2.00—Campton

2.30—Le Champ Talot 3.00—Sky Walk 3.30—Tallishire Abode

4.00---Dobrina***

4.30-Whitworth

10.40-11.00 French. 11.105-11.20 Am Gymru. 12.00 pm Fransbalam. 4.15-4.45 Spiderman. 4.46-5.15 Sér. 6.00-6.25 Y Dydd. 6.25-7.00 Report Walea.

SCOTTISH

1.20 pm News: 1.30 About Britain: Partmoor. 2.00 Farmhouse Kitchen. 1.30 Film: "Final Eye." 6.15 Circus. Dartmoor. 2.00 Farm 2.30 Film: "Final Eye 6.00 Scotland Today.

SOUTHERN

1.20 pm Southern News, 1.30 About Britain: Dartmoor, 2.00 Houseparty, 2.25 BAD Cats, 3.45 Farmhouse Kitchen, 5.15 Diff'rent Strokes, 6.00 Day by Day, 11.45 Police Surgeon, 12.15 am' Weather; Music Speaks Louder Than Words. 1.20 pm Border News. 2.00 Film; "A Night to Remember." 5.75 George Hamilton IV. 8.00 Looksround Monday, 8,15 Mr. and Mrs. 6.46 Brain of the Border. 11.45 Barney Miller. 12.10 sm

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Locksround. 1.30 About Britain: Darumoor. 2.00 Fermhouse Kitchen. 2.30 Film: "The 39 Steps." 5.15 Black Beauty. 6.00 North-East News. 5.02 Double Top. 6.30 Northern Life. 11.02 The Sound of . Vince Hill. 12.00 Meet the Faith. 1.20 pm Channel News. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. 2.30 Film: "That Lady from Peking." 5.15 University Challenge. 6.00 Channel News. 6.10 Then Came Bronson. 11.45 The Entertainers. 12.10 am Commentaires et Previsions Mateorologiques.

ULSTER

1.20 pm Lunchtima. 2.30 Film: "East of Sudan." 4.13 Ulster News. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 9.00 Designer to the Stars. 9.30 Do You Remember? 10.30 By Tbis I Livs. 11.00 Benson: "Change." 11.30 Bed-time. 9.25 am First Thing, 1.20 pm North News. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. 2.30 Film: "The Games." 5.15 Mr. and Mrs. 6.00 North Tonight. 6.35 Country Focus. 11.45 The Palace Presents Roger Miller. 12.40 am Reflections, 12.45 News.

WESTWARD

1.20 pm Westward News. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. 2.30 Film: That Lady from Paking." 4.12 Gus Honeybun's Birthdays. 5.15 University Challenge. 6.00 Westward Diery. 11.45 The Entertainers. 12.10 am Faith for Life. 12.15 Weather.

YORKSHIRE

1.20 pm Regional News. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. 12.30 Film: Nurse Edith Cavell." 5.15 Mr. and Mrs. 6.00 Calendar. 8.30 Mind Your Language.

Weather, HTV Cymru/Wales—As HTV West except:—10.05-10.20 am About Wales.

5.00 am As Radio 2, 6.30 Rush Hour.
5.15 Entertainment in Town and Advice for back-pain sufferers. 10.03 Robbis Vincent Telephone Programme. News. 1.03 pm London Live. 3.15 Swap Shop. 4.30 News. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time, House of Commone. 8.00-5.00 am Join Radio 2.

. 6.00 am AM. Dougles Cameron and Allan King. 10.00 Brian Hayes. 12.00 LBC Reports. 2.00 pm LBC Reports. 4.00 LBC Reports. 8.00 LBC Reports. 8.00 After-Eight Special. 9.00 Rightline. 12.00 LBC Reports. 1.00 am Night Extrs. 3.30 Cinems. 4.00 After-Eight Sunday. 5.00 Morning Music.

2.00 am Duncen Johnson's Night Flight (5). 6.00 Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 3.00 pm Roger Scott (S). 7.00 London Tonight with Bryse Wolfe (S). 9.00 Alan "Fluil" Freeman (S). 11.00 Tony Myatt's Late Show (S).

ENTERTAINMENT GUIDE

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AMADELS by Peter Shafer.

LYTTE-XTON (prosognium stage): Ton't.

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THEATRES

CC 01-836 7611. Evs. at 7.30 7.45. Mats. Thurs. at 3.00. RITTON, CAROLINE VILLIERS. AYLISS and ANNA NEAGLE IN MY FAIR LADY. Group bookings 41-836 7358 or 01-379 6061. ALBERY, 835 3876. CC bkgs, 379 6565. Gp. bkgs, 379 6061 or 836 3962. Eves, 8.00., hurs, mar. 4.30, 5at. 5.00 & 8.15. Slan Phillips. Denis Lawson, Half Moon Production Rodgers & Hart's PAL JOEY.

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Mast end Saif Eves 7-30, Ther Mal 2-30,
Set 4-30 8.15. THE WILD DUICE,
Hodge,
With Richard Brown translation by Romaig
With Richard Brown Hodge,
With Richard Brown Hodge,
Hodge,
Sov. ILLIMINA Theory Hodge,
Jenkins, cast Indudes Paul Eddington,
LYRIC STUDIO, Eves, 8.00. THE
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Schools. 12.40-12.45 pm News. 5.55-6.20 News. 11.35 News. Northern Ireland—3.53-3.55 pm Songs of Praise, Hartlepool. 3.53

5.55 Nationwide. 6.55 Angels.

5.40 News.

Regional News, 3.55 Play School, 4.20 Winsome Witch, 4.25 Jackanory. 4.40 Jana of the Jungie. 5.60 John Craven's Newsround. 5.05 Blue Peter. 5.35 Adventures of Morph.

Michael Caine. 11.05 Film S0, Barry Norman.

8.10 Panorama: Ronald Reagan. day (Southampton); Spotlight 9.00 News. South-West (Plymouth). "The Wilby Con-9.25 Frim spiracy." Sidney Poitier,

Pila Pala. 5.55-620 Wales Today. 9.00 am For Schools, Colleges. 6.55-7.15 Heddiw. 7.15-8.10 To 12.45 pm News. 1.00 Pebble Mill Serve Them All My Days. 12.05 at One. 1.45 Camberwick Green. am Weather, News. 2.01 For Schools. Colleges. 3.15 Scotland—11.00-11.20 am For

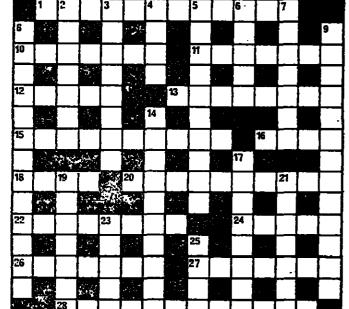
> News. 5.55-6.20 News. 12.05 am Weather, News.
> England—5.55-6.20 pm Look
> East (Norwich); Look North
> (Leeds, Newcastle); Look North West (Manchester): Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South To-

11.33 News.

12.05 Weather.

BBC 2 10.00 am Treatment of asthma.

F.T. CROSSWORD PUZZLE No. 4,410



1 Apprehend a pair of sailors and get more than you bargained for (5, 1, 6) 10 Racing expert left inside, by drinker (7)

11 Troop noticed cutter (7) 12 Wasn't there excuse for a Steel supporter taking one?

13 Guide to time cheap form of trave! (8) 15 Organise power to become excited (3, 2, 5)

16 Allowed to embrace Scots

leader in case (4)

18 Bound to hear of season (4) 26 Promising to be satisfactory 17 Flourish concoction made 22 Like to behold navy jilted 19 Winding, complicated dive

(8) 21 Bloomer in one bag 24 Condone group sheltering African (5)

26 Present husband as fair 25 River with two lives (4) proprietor (7)

27 Bowler making up yarn (7)

28 Urban ways coming up well

2 Bringing up father to spot fix (7) 3 Name one American writer

4 Well-ventilated 5 Bar traitor from becoming an umpire (10) 6 Can for example bring up suspicion (5)

confused by muse (8)

7 Her peas may be put in another form (7) 8 Direct full hand at cards 9 Clean up before directors

win everything (5, 3, 5) 14 Way novelist goes to river with husks (8) has nothing on us (7)

Saturday

resolved (7)
23 Feeble right to halter (5) RADIO 3
6.55 am Westher. 7.00 News. 7.05
Overture (S). 8.00 News. 8.05 Morning Concart (S). 9.00 News. 8.05 This
Week's Composer: Welton (S). 10.00
Chopin Bisno recital (S). 10.45
Praetorius Censort Recital, including The solution to last Saturday's prize puzzle will be published with names of winners next

3.00 Make Your Own Furniture. 3.30 Time Out of Mind. 4.15 Is There Life After †5.40 Harold Lloyd.

10.25 Role of the Nurse.

11.00 Play School

11.25 Write Away. 2.15 pm Let's Go.

excerpts.

6.05 All Creatures Great and Small. 6.55 Cartoon Two. 7.10 News. 7.20 Living on the Land. 7.45 Wainwrights' Law.

8.10 Des O'Connor. 9.00 Not the Nine O'Clock

News. 9.25 Horizon: Safety factors in

nuclear reactors. 10.15 Film: "Rifleman." 11.30 Heute Direkt. LONDON

9.20 am Schools programmes. 9.20 am Schools programmes.
12.00 We'll Tell You A Story.
12.10 pm Rainbow. 12.30 Village.
Action. 1.00 News. 1.20 Thames.
News. 1.30 Farmhouse Kitchen.
2.00 Against The Wind. †2.30
Film: "Gangway," Jessie
Matthews. 4.15 World Cup. 1980
Compassion from Toppoto. 5.15

Gymnastics from Toronto. 5.15 White Light. 5.45 News. 6.00 Thames News. 6.35 Crossroads.

7.00 Give Us A Clue. 7.30 Coronation Street. 8.00 In Loving Memory. 8.30 World in Action. 9.00 The Mean Machine. 10.00 News.

All IBA Regions as London except at the following times:

1.20 pm Granads Reports. 1.30 About Britain: Dartmoor. 2.00 Ferm-house Kitchen. 2.30 Firm: "Woman's World." 5.75 Airight Nowl 6.00 Granada Reports: Sport. 11.46 Super-ster Profile: Michael Douglas. 10.30 The Mean Machine (cont.) 11.45 New Avengers. 12.45 Sit Up and Listen, Donald

1.20 pm HTV News. 1.30 About Britsin: Dartmoor. 2.00 Farmhouse Kitchen. 2.30 Film: "Exo-man." 5,15 Mr. and Mrs. 6.00 Report West. 71.45 **ANGLIA** 1.20 pm Anglis News. 1.30 About Britsin: Dartmoor. 2.00 Fermhouse Kitchen. 2.30 Film: "The Counterfeit

> BBC Radio London Radio Wavelengths Çapital Radio: 1548kHz, 194m & 96.8vhf

(S) Starophonic broadcast
#Medium wave
5.00 am As Redio 2. 7,00 Dave Lee
Travis. 9.32 Smon Bates. 10.32 Andy
Peebles. 12.30 pm News. 12.45 Paul
Burnett. 2.32 Simon Bates. 3.32 Peter
Powell. 5.30 News. 6.31 Stayin' Alive. 7.31 Mike Read. 10.02 John Peel (S).

RADIO 2
5.00 am News, weather, 5.03 Ray Moore (S), 6.16 Pause for Thought, 7.32 Terry Wegan (S), 8.27 Racing, 8.45 Pause for Thought, 9.03 Favourite Singles, 10.02 Susannah Simons (S), 1.45 Sports, 2.03 Ed Stawart (S), 2.45, 3.45 Sports, 4.03 Much More Music (S), 4.45, 5.45 Sports, 6.03 John Duan (S), 6.45 Sports, 6.03 John 10.30 Star Sound, 11.02 Brisn Matthew with Round Midnight, 12.00 News, 2.02-5.00 am You and the Night and the Music (S).

Short Ayres by Anthony Holborne and Jances from the School of Gregorio Lembranzi (S). 11.25 Hallè Orchestra Concert (S). 1.00 pm News., 1.05 BBC Lunchtime Concert: String Quartet récital. 2.05 Matines Musicale Concert (S). 3.05 Messisen and Sharlaw Johnson pages pages 1.55 News (3). 3.09 Meassas and Sheriaw Johnson, piano reciret (\$). 3.50 New Records of music by Figer and Brahms (\$). 4.56 News. 5.00 Mainly for Pleasure with Noel Goodwin (\$). 7.60 Olympian. Celebration: a musical re-Olympian. Celebration: a musical re-construction of Pindar's ode "Olympian !" (\$). 7.45 Jazz in Britain introduced by Charles Fox. (\$). 8.15 Menuel de Falla (\$). 8.30 Wexford Festival Opera 1980: "Of Mice and Men" (\$). 11.15 News. 11.29-11.30 Berkeley on record (\$).

RADIO 4 RADIO 4
6.00 am News. 6.10 Farming. 6.25
Shipping forscest. 6.30 Today. 6.46
Prayer for the Day. 7.00, 8.00 News.
7.30, 8.30 News Headlines. 7.45
Thought for the Day. 8.35 The Week
on 4. 8.45 John Ebdon explores BBC
sound erchives. 9.00 News. 9.65 Start
the Week with Richard Baker. 9.55
Royal British Legion. 10.00 News. 10.82
Monay-Box. 10.30 Service. 70.45 Story
Time. 11.00 News. 11.05 You the Jury.
11.50 Poetry Pleasel 12.00 News. 12.02
pm You and Yours. 12.27 Lord Pater
Wimsey. 12.55 Weether. 1.00 World at
One. 1.40 The Archers. 1.85 Shipping

Inrecast. 2.00 News. 2.02 Woman's Hour. 3.00. News. 3.02 Atternoon Theatre. 4.35 Askey's Hell of Fame. 4.45 Short Story. 5.00 PM: news magazine. 5.55 Shipping lorecast. 5.55 Westher. 6.00 News. 6.30 Nor a Penny More. Not a Penny Less (5). 7.90 News. 7.05 The Archers. 7.20 Quots. Unquote (5). 7.90 Monday Play (5). 9.20 Keleidoscope. 9.35 Wasther. 10.00 News. 10.30 Science Now. 11.00 Book at Bedtime. 11.15 Financial World Tonight. 11.30 Today in Perliament. 12.00 News, weather. 12.15-12.23 am Shipping forecast. BBC Radio London

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SOCCER ...

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EUROPE'S BUSINESS NEWSPAPER

Tricycle Theatre, Kilburn

Rise of the Old Cloud by MICHAEL COVENEY

Mike Dorrell's worthy, somewhat elliptical play about hard-ship in a 1930s' Welsh mining tell how exactly Will undergoes of the "International") to disstay at the face or go to the

A Comment of the Comm

-: ...

4

ONDE

10 mm

RT GALLERE

miner teams up with the middle class girl he meets at the skivvy whose resolution buckles in the face of mass inemployment. There is also the middle-aged Labour Party stalwart and, as the play's central figure, the Communist

community no doubt deserves a the changes he apparently does. more enthusiastic response than One minute he is pouring hard-I can muster. It follows the for- line scorn on his colleagues, the tunes of a tight-knit group of next leading them in glory beminers, from a holiday camp for hind a red banner down the the unemployed at the start of high street. Finally, he has the decade through the exulta-narried the dead miner's wife tion of political demonstration and is preparing a definitive (and a close-harmony version volume of history. There are of the "International") to dissome impassioned speeches ruptive confusion at the out-break of war. Should the men ployment but it all sounds like writing by numbers. I get no sense of the playwright's Weaving through the narra- personality in the text beyond tive are two, love stories. The some winsome poetical passages doomed tuberculosis-ridden when characters escape the grime to survey the landscape. middle-class girl he meets at the Good performances by Robert camp: while the boozy chauvi- Pugh as Will and Angela nist comrede is stuck on a Phillips who leaps the class barrier to join the struggle. But Justin Greene's production for the touring company, Paines Plough, strikes me as a routine piece with its heart in the right place and its head nowhere in

Wigmore Hall

Edward Melkus Ensemble

particular.

Melkus is an Austrian comfortable violinist known as performer between and pedagogue for his asso informed practice and the elation, with authentic baroque performance - practice. - His time. ensemble, consisting of the first desk players of the Vienna minuets in Mozart's Diverti-Capella Academia, has just visited London.

They appeared on Friday ight. The programme was esented by the Anglo-Austrian Music Society and it consisted of Divertimenti by Michael Haydu and Mozart, and a handful of Schubert's Minuets and Trios. Nothing could have been more suitable than this selection of relaxed, entertaining music by

native Austrian composers. The performance was advertised as "played on original baroque instruments." One cannot question the dates of origin of the instruments Melkus and his ensemble used because details were not given in the programme. But the modifications made to the instruments chin- and neck-rests, raised bridges and the use of tense metal strings and modern bow took the basic colour far from the authenticity the ensemble astensibly seeks.

This was reflected by the interpretative stance of the players, which proved an un-

musicologically middle-of-the-road interpreta-tive conventions of our own

easy charm of The mento K.334 was plumb in the middle of the Viennese traditions; a nice blend of kitsch and schwung. This was lovely but it had more to do with the threenuarter time of a Johann Strauss waltz than with the sturdier elegance of Mozart's world. Similarly, the outer movements of the Divertimento were played discursively, changing speed to suit the character of the phrase rather than unifring with a common pulse. Melkus obviously means to stand Richard Strauss' dictum "there is only tempo, never tempi on its head, and in doing so he caused a number of en-

semble problems. Schubert's five Minuets and six, Trios D.89, played by a string quartet, received the most enjoyable performance of the evening. This was due partially to the more romantic nature of the music, partially to the comparative lack of ensemble problems the hornless

scoring provided. RICHARD JOSEPH

New Vic, Bristol

- Cyril's Little Moments

Julian Garner wrote this tapes. piece after reading in a news beaten up and killed by teenpaper about a 68-year-old foot- agers ball fan who spat in the ref's though how these two matters face at a match at Erith. What are connected is something Mr. he has done is to provide him Garner has not made clear to with a motive but he takes a me. long time doing it and hardly succeeds at all. ...

And Mr. Garner's version, old Civil (David Swift, looking his former modest attention, the like Lord Longford) has and when he disagrees with a more decision what more a brother Josh, confined to a referee's decision what more wheel-chair, who is such a fan natural than to run on to the that he spends all his time pitch and spit in his face? And listening to tapes of old games. after that, why not chat on a Gyril goes to the local games, mietly takes notes, and comes home to give his brother full and, in the friendliest way, commentaries, I can't help won-watch the boy fishing? commentaries. I can't help wondering why Josh and his wheel-chair don't go to the games themselves but this would spoil

Cyril has one other friend.
Alice, a teacher in a school for the neighbourhood, knowing Arthur Cox as Josh and June that Josh has a book full of Barrie as Alice, give sympasutographs, ingratiates himself by telling him fictional follows. that Josh has a book full of Barrie as Alice, give sympa country, rock and blues. All rock.

autographs, ingratiates himself thetic studies of sad elderly the first of himself thetic studies of sad elderly the first of himself the first of Cyril and Alice's carryings-on, am concerned, we stop. John actually sum up Cooder, at past visits, concentrating this marvellous entertainment, he hich for some reason Josh per- Dove is the director. suades him to record on his

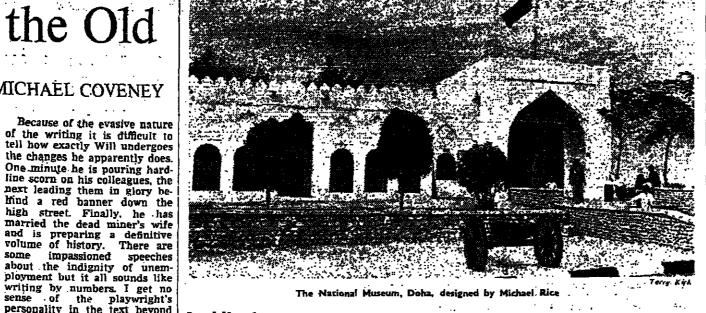
After this, Josh is in his wheel-chair,

So here is Cyril back on the terraces with all his late brother's excitement instead of river-bank with the spirit of Josh, now restored to health

Well, I must leave these questions unanswered, for I can think of no answer to them. Mr.

Dove is the director.

B. A. YOUNG least in concert.



Architecture

The best of Islam

by COLIN AMERY

The extraordinary thing about this new "Nobel" prize for

architecture is the amount of

preparation, planning and research that has preceded the

ceremonies.

Muslim countries have been

visited by the technical assessors

and more than 200 schemes

It is a salient, fact that less

than one-sixth of these were

considered suitable for consider-

ation by the master jury. Five

seminars have been held to

assist the jury towards a series

of new definitions for a new

architecture in the spirit: of

Islam. The impact of this first

subtle but persuasive one.

By far the most inteersting

schemes are two projects in

Indonesia. One is almost invisible but very significant. The

Jakarta City Government has

begun to provide a basic road

and drainage infrastructure for

existing kampungs (squatter settlements) where the people

live at an average density of

500 per hectare. At a cost of only \$60 per capita, basic ser-

vices have been provided for 450,000 people. In Central Java

a self-help scheme for the build-

ing of a co-educational boarding-school is commended. Gradually

this traditional Islamic com

munity school is developing the skills needed to create an in-

These two awards where the

architectural content is barely

visible are indicators of the jury's awareness that grand

architectural gestures have no

place in the developing world.

Training Centre in Nianing,

employs sand-cement bricks

made on the site. A lightweight

traditional

A third winner, the Agricultural

digenous architecture.

of prize winners is a

pretation of the past.

were nominated.

award

tion, restoration or reinter- architect Andre Ravereau took

Anyone who has travelled in building that involved preserva- centre at Mopti in Mali and the the Middle East cannot fail to be aware of the rapid apread of new buildings that have been erected with little concern for traditional Muslim values. Architects from the West are not the only ones who have failed to learn the languages of Islamic culture as they are expressed in traditional buildings. Many of the efforts to dress up modern buildings with a veneer of concrete pointed arches are laughable attempts to, make large, crude modern edifices more acceptable in the cities of the Muslim world. One Muslim leader is deter-

mined to use his influence to rescue the environment of his followers from the wortt excesses of Western excesses materialism. The Aga Khan founded his award for architecture in 1977 to encourage a resurgence of true excellence in architectural design throughout the Islamic world.

.There was no doubt in the presentation ceremonies held last week in the Shalimar Gardens, Lahore, Pakistan, that a revival of Muslim architecture is part of the "Resurgence of Islam." There was a strong plea for Muslim unity through culture, including architecture, in speeches made at the Lahore ceremonies, particularly by the President of Pakistan, General

After three years of research an international jury of archi-tects and scholars gave the \$500,000 prize to 15 different projects. The jury emphasised that their selection represented a search for better architectural solutions to particular problems rather than any kind of final

The jury's approach to the

divide the short list into four materials and nain categories for schemes that showed ways abundance and this UNESCOof coping with social problems of the urban and rural poor in the Third World. Modern advanced technology was concrete, arched vault forms the examined for its appropriate simple roofs. The scheme is a ness to developing nations. A model for simple buildings in third category considered the Africa and the vaulted rooms use of small-scale technology, possess traditional Islamic qualicategory looked at ways of Fund sponsored the medical

Apollo Victoria

Ry Cooder by Antony Thorncroft

selection of winners was to Senegal, makes use of local

With the Apollo Victoria He has been around since the a'heavin' and a'rockin' on Friday mid-60s and his guitar skills night Ry Cooder can no longer brought him work on some of Ry Cooder can still be seen be pocketed as a cult figure. He is now popular and his music, now he is very much his own at Victoria on Thursday. With Garner has only proposed a too, is some of the most popular man, rattling through a distinction, without offering any of the U.S. of the past generative musical tour with one of tion: not so much commercial pop but grass-roots sounds, both bands black and white, soul and the country, rock and blues. All rock.

He has been around since the those excellent American tight bands that constantly show up the shortcomings of British

a nice bias towards songs which popular music

an award. These uppretentious buildings are built of the local clay with natural ventilation. They stand on the banks of the Niger opposite the famous Fri-day mosque. A much-used pedestrian street passes through the hospital buildings and this has integrated the new and older parts of the town. A traditional-style house at

Agamy in Egypt won a prize for its 70-year-old master mason as well as the architect, Abdel Wahed El-Wakil—the domed house is built around an open courtyard and cool air circulates naturally through the rooms making air conditioning un-necessary. The superb crafts-manship which is evident in this house was rightly commended.

A series of smaller courtyard houses was built as part of the reconstruction of Agadir, which was destroyed by an earthquake in 1960 by the Government of Morocco. They have all the dense privacy that is so much a part of older Muslim cities. .. These awards aim at nothing

less than the rejuvenation of Islamic architecture. They will be presented every three years and their aim must be long term. This year's batch is a tentative selection. They reflect dissatisfaction with the inhumanities of much modern. architecture that is felt in the West as much as in the Muslim

While the Aga Khan is to be congratulated on his generosity and thoroughness he must be aware that good architecture grows slowly and may be out of tune with the times. His per-sonal gift of the \$100,000 Chairman's Prize to Hassan Fathy, the 86-year-old Egyptian

architect and artist, is an indication of the sort of genius the vard is hoping to encourage. Throughout his life Hassan sponsored school for 80 boys Fathy has spurned modern architecture and committed himself to the poor. He has championed indigenous building that is economical and suited to the climate. He demonstrates clearly that a new kind of architectural education is the real investigating building systems ties. It is hoped to develop the answer to the search for new that could be used by an system for low cost housing. forms. The Aga Khan Award is unskilled workforce. The fourth The European Development a serious beginning to a long forms. The Aga Khan Award is a serious beginning to a long

show men being destroyed by

his relaxed and humorous stage manner, his smooth band, in which John Hiatt is superb and the male backing-singers hit the high and low of every musical ock. scale, his repertoire of lesser In spite of his Hawaiian shirt known but immediately accessible songs. Cooder is not only

New York City Opera

Start of the Season

by ANDREW PORTER

everything right for the role.

Carmen,

barbiere, and Buttertly.

Now for the good news.

Boheme,

production of Bizet's

York City Opera has been providing New York's opera singlehanded. Houses have been good, and perhaps some Met regulars have been drifting across Lincoln Plaza so discover the place where, as the company blazons across its the Commendatore's words and presented the tremendous scene "opera comes alive." The City season begins with a short late-summer sun of an the sense of near-blasphemy operetta: last year, Victor Herbert's Naughty Marietta; tion, had been merrily tossed this year. Sigmund Romberg's The Student Prince. The show novelty. At the end, Giovanni was written for New York, in 1924, but in idiom it is a weak. late-Viennese operetta with plentiful echoes of Johann Strauss and Lehâr. It was quite grandly cast, with Jacque Trussel then Henry Price, in the title role and Leigh Munro. flery "Or sai chi l'onore." then Elizabeth Hynes, as Kathie. a strong Elvira, Samuel Ramey Miss Hynes was charming. But sang Leporello well. Justino the piece was given a common, unstylish production. It drew full house vanni: wonderful looks and

While The Student Prince began, a Pirates of Pencance, out on by Joseph Papp's Public Theater, was ending its (freeadmission) summer run in the lakeside open-air theatre in Central Park. The cast was unorthodox: Linda Ronstadt (who proved to have pretty and accurate coloratura) as Mabel. Rex Smith (from Grease) as Frederic, George Rose as Major-General Stanley, and Patricia Routledge as Ruth. The voices were amplified. The score had been arranged for a string less combo. But it was a polished and totally enjoyable show.

The opera season "proper began with a revival of Anna Bolena in which Oliva Stapp was efficient, but hardly more than that, in the title role. Susanne Marsee was a fluent Jane Seymour. There was an able coloratura bass. Samuel Ramey, for whom the coloratura bass passages usually cut could be restored, and an able coloratura tenor. Rockwell Blake, for whom "Vivi tu," usually, omitted, was reinstated. This was perhaps the fullest Bolena to have been played in our day, even though the overture was omitted. (At Glyndeboure in 1965, six movements were omitted and five drastically abridged.) But fluent singing is not

enough for Bolena. Donizetti's dramatic operas need declamation. Some of their most famous phrases moments for which Uasta, Grisi, Callas were celebrated—are no more than simple recitative for actresses to bring to life. The production, created for Bevely Sills in 1973, had been restaged by Jay Lesenger. It was a poor affair, in a dreadful set with a central platform approached by three steps. Up and down the singers went, up and down, pausing at times to sit or stand on the steps. The court ladies sat while Anne stood; Percy grabbed the king's arm in public argument: Mr. Ramey's Henry VIII lacked majesty; and in general there was no attempt plausibility, 19th-century stage convention, and the susceptibilities of a modern American

audience. The sorry tale continued with Don Giovanni, a revival of John Cox's production last spring, with a new cast, except for Carol Vaness's Anna, Carolrehearsed by Mr. Lessenger. Another, wretched set (by

With the Met closed, the New Michael Annals) cramped the it is a lovely score but also action. The production alter- because it is well done. There nated between the slackly tradi- are two casts. In one. Diana tional and the feebly innova- Soviero is a sweet and flexible tory. The graveyard scene was Lella: in the other. Marianna relocated in "a stonemason's Petros is sweet and dexible and yard," which made nonsense of also invests the role and the music with character. Her timbre recalls the limpid pasat half-strength, since the sages of Callas's voice-rich ye; atmosphere of awe and mystery. delicate, and carrying a fascinaling touch of resin. One Nadir. inviting supernatural retribu- Barry McCauley, has a ductile, tion, had been merrily tossed supple tenor; the other, Joseph away in a silly search for Evans is more ordinary. One Zurga, Dominie Cossa, is rough was tied up and carried off by but strong: the other. David his servants, Anna calmiy sat Arnold, has a cultivated bord-down to sing the passionate, tone of precise focus, of the tone of precise focus, of the kind one longs to hear in French

But Miss Vaness, the next opera and so seldom does, important American soprano. The "Welsh" edition, gave us a very fine "Non mi storation of Bizet's ori storation of Bizet's original Heather Thomson was score, was used. The Leila-ong Elvira. Samuel Ramey Zurga duet, not usually one of the highlight s of Pechcurs Diaz, as in Spoleto years ago, brought the house down when was a "promising" Don Gio-Miss Petros and Mr. Arnold sang it. Calvin Simmons, making- a bearing, an excellent voice- City Opera debut, conducted with a poetic response to Bizet's somehow nothing comes of selves and make much of Biret's it. I have not seen the other exquisite instrumental inven-revivals; so far Die Fledermans, tions but often persisted in a metronomic beat through pre-sages that need rubate. He should study the De Lucio recordings. Robert O'Hearn's Pécheurs de Perles, unstaged set is simple and picturesque, professionally in New York with plenty of usable flat space, since three Met performances Cynthia Auerbach's production. in 1918 (with Hempel, Caruso, simple and sensible, leaves the and De Luca), packs the house singers free to express themat every performance and selves and make much of Birt's deserves to—not only because music.



Camden Jazz Week programme

among the highlights of the Camden Jazz Week to be held Camden Jazz Week to be held commissioned by the Jazz Skin, an Afro-Caribbean 11-at the Round House from Centre Society for the Camden piecer. today to November 1.

On Wednesday the Mike WestOn Wednesday the Mike WestGeoff Castle, and played by a brook orchestra will perform Westbrook's The Cortege, the first part of a trilogy on the

fundamental theme of the The Week begins with the classic form of the New British debut of the World funeral. It was Saxophone Quartet. The folfundamental theme of Life/

On the following night will be the premiere of a new work ten-piece band. Also appearing the same evening will be the quartet of altoist Phil Woods.

Two full-length compositions first performed at last year's lowing night sees the return by British composers are Bracknell Jazz Festival. to Britain of the exciting gospel group, The Stars of Faith. Also on Tuesday will be Steel and

On Friday is a strong double attraction from the U.S.A., the Chico Freeman quartet, and the quartet of guitarist James "Blood" Ulmer. Full details from the Jazz Centre Society, 35 Great Russell Street, WC1 (580 8532).

SOCCER by TREVOR BARLEY

Six of the best should boost Chelsea Lloyd's defensive play on Open

THE BIG ovation the Chelsea for some time. Although New indifferent opportunities of the considerable of t fully deserved.

eceived six of the best. If the Blues continue to serve to football of this calibre and soals in this quantity there should be far more spectators

for their next home game. Each of the young Chelsea ade's six goals was delicious And clean-cut, a culmination of Ine attacking move.

Everyone who had the good hertune to see them on this ecasion will certainly want to pay another visit.

Both Chelsea and Newcastle possess the support, tradition and facilities for First Division football, and on this evidence the Pensioners could well, like their fellow-Londoners West Ham, gain promotion this

maturity and heart, are unlikely to convert the centres into to return to their proper habitat goals.

indifferent opposition, it is still a considerable achievement to score six goals in the second at Stamford Bridge for this geweastle massacre, when they received six of the hort

been even larger. Perhaps the best illustration of the gap between the contestants was when the home team, leading 5-0 and reduced to 10 men, were still able to increase their lead after a long trasting spearhead with the determined dribble down the wing and a perfect cross which enabled Lee to complete his hat trick.

Attacking

What was the secret of Chelsea's success? The answer lies in their successful application of that old footballing tactic of breadth; attacking on a broad front, and stretching the opposing rearguard until it It must be admitted that the snaps, crossing accurately from from Wimbledon recently for this snaps, with a team which both flanks, and regularly only £20,000, a genuine bargain baving two players in the box in this age of bysterical transfer

The employment of two deep- very persistent. Although Newcastle provided line wingers makes it easier to cast out of defence, or mid-field to an unmarked colleague, and less dependent on the ball into space and the quick one-two play-off.
There is much to admire

about the team which Geoff

Hurst has fashioned, and it is hard to understand why they started the season so poorly. Lee, tall, brave and good in the air, forms the sharply conclever, forceful Walker, while Driver on the right and Rhoades Brown on the left wing had not only the ability to beat a full-back both on his inside and outside, but also possesses that oldfashioned virtue, which makes

such a tremendous difference, of

being able to centre with

Convincing

precision.

Driver, who was purchased fees is clever, deceptively fast because of his long stride, and than 10,000.

In mid-field Fillery was a revelation, and surely Britton must be just about the most accomplished substitute half-back in the Second Division. The Chelsea defence is less

convencing, though Roffe is a well-organised half-back, and the massive Droy brings in experience to an enthusiastic side, which understandably is rather short on maturity, so that they do sometimes give the ball away unnecessarily when not under pressure.

This weakness could be the biggest threat to their hopes of returning to the First Division, which with their reduced but still formidable overdraft is so It is not merely that their

home gates would automatically increase, plus the attraction of big attendances for local derbys against Arsenal, Tottenham Hotspur, possibly Crystal Palace and probably West Ham; but their share of away gates would mean so much more.

At present in the Second Division several clubs, rather sadly, attract crowds of less

TENNIS BY JOHN BARRETT

of last year, Martina Navrati-lova, 6—4, 5—7, 6—3 in 2 hours and 17 minutes of high-class play. This was Mrs Lloyd's 55th win in the 57 matches since her return to competition

last May. ;

Miss Navratilova, a Czech who expects to win U.S. citizenship this month, was caught in the classical dilemma of a natural attacling player facing a solid ground stroker on a slow court. She knew she must continue to attack and hope to volley enough winners off the rasping passes that she had to expect.

also hold opposite views about Flushing Meadow. She believes the correct course of action over the greatly increased prize the proposal to hold a separate money, and the promise of a U.S. women's tournament next draw of 128, have been offered August at the giant Meadowland Centre in New Jersey, two alarmed at the prospect of tryweeks before the Centenary ing to run their anniversary U.S. Open at Flushing Meadow, meeting without the leading As defending champion and a U.S. citizen. Mrs. Lloyd be It is reported that 14 of the which lieves the women should support top 20 women have signed an ends. the traditional event. She argues undertaking to support the

There is parity of prize money.

with the men next year; it will total \$1m; they are promised the same 128 places in the draw as the men; and the trend this year towards fairness in the scheduling of women's matches on the show courts during TV coverage can be expected to continue. Miss Navratilova, who left Czechoslovakia in 1975, is less

impressed by tradition, and cynical, about the atitudes of U.S. Tennis Association officials The contrast in styles is to the women; who, she claims, obvious on court and the two are second class citizens at by a desperate association, women.

IN A THRILLING final to the fbat the women are on the way Meadowlands venture, and not activity of Capitol Sports, a £52.000 Daihatsu Challenge to achieving their goals at to enter the U.S. Open. Notable promotions company, which will IN A THRILLING final to the foat the women are on the way f52,000 Daihatsu Challenge to achieving their goals at Chris Evert-Lloyd, the number one seed, hear her conqueror one seed, hear her conqueror status the 100-year-old chamnionship provides.

Martina Navrati
Martina Navrati Jordan and Virginia Ruzici.

However, Mrs. Lloyd has said women in the Tennis Association that if the majority of the vote for a split, she would support that decision, albeit with business managers, who see the

bledon in 1973, when 79 men contracts, on the basis of boycotted the tournament—the association would be about the contracts. association would go ahead and stage a women's tournament as part of the 1981 U.S. Open. Many of the lesser players will be tempted by the prize money. The decision will be taken at a meeting in Washington during the Colgate Series finals on January 11. Television is central to the question. The Open is covered by CBS, and

the women dislike its treatment of their matches. NBC has promised Meadowlands at least 71 hours of live time plus highlights programmes during the nine days of the tournament which would include two week-

signed token \$1 contracts with Gladys Heldman who then found makers as sponsors of the women's tour the following year. The damage to the image of

five years. It reportedly expects

to carry some of the Open

sponsors with it to Meadow-

Then there are the players'

opportunity to sell their clients

The fact that any new event

will have only an empty title

does not seem to worry the

militant women, who seem

determined to continue the

development of women-only tournaments. These began in

1970 when eight leading women

tennis as a worldwide game bringing together men and women would be serious if the Another influence is the Meadowlands venture takes off.

Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday October 27 1980

Cutting where it matters

tween the control of individual monitoring and control of public sector costs, particularly should be focused. wages, is now more crucial than ever. But swingeing cuts in services and social security transfers, or further increases in public sector charges, are not the appropriate response to likely over-runs in public spending and borrowing which are the result of recession.

In fact the unanimity of the opposition to public spending presents certain dangers. For there are separate macro- and micro-economic reasons for wishing to limit public spending which are apt to be confused by the general chorus of indig-most of the voters who rallied nation about the collapse of expenditure control over the

apparent inability to control total spending, but also with its failure to distinguish between the likely economic conse-quences of different types of spending cuts. By concentrating its public spending cuts on capital investment, rather than on wages or employment and, worse still, by classifying increases in prices and charges " reductions in spending." the Government ensured that most of the burden of its austerity fell on private-sector output and employment.

More serious mistakes of the charge their customers whatever ducing this permanent element prices are required to cover of cost-consciousness into the wage costs. The review of many cosy corners of the public nationalised industry pricing sector.

last to be taking to heart its Minister has asked the Think own injunctions about the need to re-establish control and Tank to undertake could use re-establish control over fully be extended to look at public spending: even the rate the possibilities of creating a of growth of the defence budget distinction within the PSBR is now under serious attack by figures between borrowing that Treasury Ministers. But in their is used to finance productive fervour to make up for last investment in revenue-earning year's mistakes. Ministers must assets and that which is simply be careful to distinguish be- used to bridge the gap between tax revenue and current spend programmes and the reduction ing on the provision of govern-of total spending. Careful ment services. It is on this gar ment services. It is on this gap that more public attention

The microeconomic objections to the indiscriminate approach to public spending cuts are even more obvious. Over the past year the nation's preoccupation with general economic decline has been so great that the Government seems to have lost sight of what, for most people, is the main argument for greater control over public spending. This is the inefficiency of many parts of the public sector. Some doctrinaire Conservatives may regard blanket reductions in public sector activity as desirto Mrs. Thatcher's call for spending cuts in the general election did so because they The blame for many of the were keenly aware, from Government's present economic personal experience, of the difficulties lies not just with its waste which is to be found in many parts of the public sector.

Controls

Indeed, during the election campaign Mrs. Thatcher occasionally seemed to imply that the elimination of waste would alone be sufficient to secure large reductions in public spending within the sort of time scale which her economic strategy required. This hope was obviously unwarranted since major cost saving exercises produce results over periods of years, rather than months. Furthermore, their effectiveness depends on the same kind have been made maintenance of continuous conduring the past year by impos- trol, rather than occasional ing low ceilings on nationalised bursts of frenzied activity. The industries' borrowing, while Government's most important leaving their management free contribution to the long-term to offer their employees exces- reduction of public spending sive pay increases and to would be to find ways of intro-

The problems that for trying to keep the rate of growth of sterling M3 to within the target range of a 7 to 11 per cent annual increase have been indirect. They have been via that the Bank of England is now the lender-of-indirect. They have been via the conditional lender-of-last-resort. The cacond result has been the rate of growth of sterling M3 to within the target range of a 7 to 11 per cent that the Bank of England is now the lender-of-last-resort. The cacond result has been the rate of growth of sterling M3 to within the target range of a 7 to 11 per cent the monetary discussion is to monetary discussion is to monetary discussion is to monetary discussion. The cacond result has been the rate of growth of sterling M3 to within the target range of a 7 to 11 per cent annual increase have been indirect. They have been via the conditional lender-of-last-resort. Russia faces

LOOK AT the world through a ped short of clearly challenging Kremlin window: the view may surprise you. It does not show a world cowed by an aggressive Russian colossus; it is a world where things are going wrong, full of potential dangers.

Take Afghanistan. It may not have become a "Russian Viet-nam," but Soviet forces are bogged down in that inhospitable and sparse country. The entire credibility of the Soviet Union in the Third World has suffered badly as a result of the

Afghanistan has driven both China and Pakistan into closer alignment with the U.S. It has put the Soviet Union at odds with the Islamic revival. It has dealt a had blow to Moscow's persistent attempts to depict itself as the enemy of colonial-

Not long ago Russia, through its ally and cat's paw, Cuba, was extending its influence in Africa. Angola and Mozambique appeared to be coming its the long-time Prime Minister way, perhaps even Zimbabwe. Further north. Ethiopia had Alexei Kosygin. was due to his become Moscow's ally. There poor health: but it did have has been no final result in any of these regions, but Moscow no longer is making progress. The attractions of western financial potential are strong: the new regimes in southern Africa are wary of linking their future to Soviet Communism.

The U.S. has acquired new bases in Somalia, in the Horn of Africa: and in Oman, in Arabia. They increase America's potential power in a contest, should it ever come about, for mastery in the Middle East, Egypt has openly thrown in its lot with the U.S. Tehran may be at loggerheads with Washington, but Iran's Islamic fundamentalism necessary at least to glance at with Soviet Communism or Soviet imperialism. In western have drawn level with or even Europe the Spanish and Italian Communist parties are far from being the vassals of Moscow that the formerly colonial world. Europe, under the guns of Soviet forces, things have sone how to respond to the upsurge problems. of independent trade unionism

Moscow's book, events in Poland new faces, quite possibly with are qualitatively different from new policies, must take over trouble that Moscow has had from the old guard; and elsewhere in eastern Europe Russia's masters, both the old since the war. The defection of and the new, may feel more fringe of the Soviet bloc; reform unpredictable than has been in Hungary has since 1956 stop- believed.

the Communist Party's claim to be the voice of working people; Romania's isolation never questioned Communist doctrine at all: if anything, Mr. Nicolae Ceausescu, the Romanian dicta-tor, is more in the traditional Russian Communist mold than even the masters of the Kremlin.

Poland is the problem that it is because of a record of fighting for its rights, and because it lies athwart Russia's lines of communications with East Germany, in some ways Moscow's most important, but also its most exposed, ally. The Kremlin leaders probably need the Polish kind will cross their day, trouble on the farm has heavals in the regime.

and top economic manager, Mr. poor health; but it did have overtones. The appointment of a successor who was associated with heavy industry, Mr. Nikolai Tikhanov, could be a pointer that the military are increasing their influence and demands, though that implies no chalsuch. Moreover, these problems have coincided with times when the political leadership is failing singularly to rejuvenate itself: by now everyone has noticed that Russia is ruled by

Strength

Having noted the many weakthey once were. Even in eastern Badly though Russia has managed its economic affairs, the Soviet forces, things have sone West, too, is in economic diffi-wrong. Moscow is puzzled about culties—it also has leadership

We know too little to draw Poland. firm conclusions. But two
To borrow a phrase from things are plain: sooner or later Yugoslavia occurred on the insecure, and therefore be more

norning probably feels rather like a nervous examination candidate facing a stiff oral test and knowing that his written work is not up to

Later today he is due to appear before the Treasury and Civil Service Committee of the Commons to account for the monetary mess of the summer. He faces an uphill task, Many the MPs are highly critical to start with and the monetary record under examination is hardly glittering. Sir Geoffrey is also unlikely to be able to provide many clues about what will happen from now since the decisions have not yet been taken.

His first problem will be to explain his cautiously optimistic remarks to the commit-tee at the end of July. He told the MPs then that, after taking account of all aspects. "the money supply was probably under control." Since that date official figures have revealed an 8 per cent jump in July and August in sterling M3, which includes cash and bank current and deposit accounts.

The result has been a furious inquisition personally conducted by the Prime Minister. All and sundry have been taken to task and distinguished domestic and foreign gurus have been to seminars and summoned meetings. This has been accompanied by a good deal of recrimination within what are often euphemistically (and now rather ironically) known as the authorities—the Treasury and the Bank of England.

Behind the Whitehall battle are issues of key importancethe future of the present over-

The recession has caused more private borrowing

draft system, the way in which interest rates are fixed, and possible changes in the methods of financing the Government's borrowing needs. The Government's commit-

ment to its monetarist approach is not, however, in question. There is no serious challenge to the view that controlling the rate of growth of the money supply is the key to reducing the rate of price inflation in the medium term.

The issue is how, and even whether, monetary control can be achieved. The problem is that the Government has been trying to squeeze a quart into a pint pot without having control of either the quart or the high. In mid-September a total pot. The result has, not surpris- of £21bn of such "temporary ingly, been more than a little

changes in interest rates and in rowing. The aim has been to to finance public sector borrowing without expanding the money supply. Similarly, there has been the hope that changes in the level of short-term interest rates will influence the private sector's demand for bank credit.

The world is not, however, so

Peter Riddell examines the summer monetary explosion and the options for changes in the present system on the day Sir Geoffrey Howe, the Chancellor, is questioned by the all-party Treasury and

Cann is chairman. uncomplicated. For example, public sector borrowing has not only been much higher than expected—at least £11bn above forecast levels in both the last and corrent financial years-but it has also fluctuated sharply. This is partly because of a bunching of disposals of public sector assets and of tax payments towards the end of the financial year. There was, for example, a swing of £6bn between the first and second quarters of this year.

Even if normal variations are excluded the change in borrowing was still £41bn and this does not make for a smooth pattern of monetary growth.

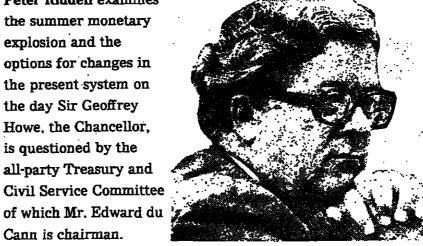
Officials directly concerned with funding would argue that asset sales, partly responsible for these swings, do not really help to reduce borrowing since the assets compete with gilts for institutional funds. At the same time, the sharp

rise in interest rates has only had a limited impact on the growth of bank lending. This is partly because the deepening recession and the associated profits and liquidity squeeze has left companies with no choice but to borrow more from their banks. Such distress borrowing has become unavoidable. Moreover, the increased interest payments have themselves had to be borrowed and have been reflected in bank lending.

These pressures have put serious strains on the financial The first result has been upward pressure on interest rates. For the whole of this year the Bank of England has been pumping money into the banking system to prevent interest rates rocketing skyassistance was outstanding. Indeed, one of Mrs. Thatcher's Until now the main methods favourite jibes in the current

The second result has been the level of public sector bor- that monetary growth has been well above the upper end of the set a level of interest rates official target range for much which will allow the Government of the past year—at an annual to sell sufficient gilt-edged stock rate of at least 15 to 16 per cent. compared with a top limit of 11 per cent.

On top of these pressures came the problems caused by the corset and its removal in mid-June. The corset restricted the rate of growth of interest-bearing eligible liabilities (a large part of the banks'





deposits) and thus indirectly sought to restrict the expansion of their operations. In practice, the corset encouraged massive avoidance. The banks switched operations through uncontrolled channels.

This had the effect of making the rublished monetary figures look better and understating the underlying growth. It was always recognised that when the corset was removed banks would switch some of their operations back into conventional channels. This would inflate the published rate of monetary growth while making little difference to the underlying trend.

The scale of the post-corset adjustment was, however, substantially under-estimated. The consequent 8 per cent jump in the money supply was therefore half and two-thirds of the rise could be explained by unwinding of the corset, but, equally worrying, was evidence of an excessive rate of underlying monetary growth.

This episode has been interpreted in several ways. The Bank of England view, expressed by Mr. Gordon Richardson, the Governor, in his Mansion House speech earlier this month, was that the monetary performance and prospects are not as bad as is commonly thought in view of the demands put on the system. He said the swings in monetary growth largely reflected swings in public sector borrowing (a not so subtle nudge to Whitehall).

But, he said, public borrowing should now fall, inflation was past its peak and there were

tentative signs of a slowdown in the private sector demand for bank credit. Consequently, after allowing for the corset distortions, the rise in sterling M3 over the whole of the target period to next April might turn out to be much less than has been generally supposed. This is also the hope in Whitehall.

On a longer-term basis Mr. conclusion was that undue importance should not be placed short-term developments in Instead, it is necessary to take into account other monetary aggregates and the real economy (profits, jobs and output). Taking account of these signs, he concluded that monetary policy had therefore been restrictive. Indeed the Bank has become increasingly concerned about the extent of the squeeze on the real economy caused mainly by the

strength of sterling. Ministers appear to be more impatient about the present monetary system. In his Mansion House speech, Sir Geoffrey said that the frequent use of the corset between 1973 and 1979 suggested " at least that present arrangements may not be adequate, even over the mediumterm, for the fulfilment of a policy which rests upon the priority of meeting monetary targets and reducing the rate of monetary growth.

Attention has focused particularly on whether some of the recent fluctuations in monetary growth could be avoided

if the authorities sought more direct control over the banking system. The main proposal is for a monetary base systemunder which the Bank of England would directly control the growth of financial balances held with it by the banking system. These balances are the

fulcrum of the banks' opera-

Richardson noted the "sheer erratic variability" of the infurences on sterling M3. His start the Bank of England would no longer supply funds on request (as lender of first or last resort) to ease the banking any single monetary aggregate. system's shortages. This in turn might mean the end of the overdraft system; at present the banks are willing to allow their customers flexible borrowing facilities because they can always balance their books. Under a monetary base system this flexibility would be re-

Similarly, the authorities would have to surrender much of their current influence over interest rates which might fluctuate (both up and down): more than at present in response to market pressures.

There would, in addition, be serious transitional problems, as it might take up to five years for a new system to settle in properly__ In his speech, Mr. Richardson

said " it was possible to imagine a tighter or more rigid control of the creation of money achieved on a more continuous and shorter-term basis." But he warned that "tem-

porary pressures and distortions would then be turned back more

Sir Geoffrey in the hot seat stead of being reflected in tem-porary variations in monetary

growth."
The final autrome of the current review is still uncertain but some broade conclusions have become clear in the past

two or three week First, Mrs. Thatcher's anger about the monetary mess of the summer and her direct intervention make it likely that some changes will occur. Too much has been said to permit a con-tinuation of the status quo. Secondly, everybody agrees that direct quantitative controls on deposits, such as the corset

or the lending ceilings of the 1960s, are not the answer since Third, the objective should

be a more market-determined system of fixing interest rates. This view has caused wry smiles among some practitioners who remember that until May 1978 MLR was, in theory, fixed in line with market rates, but in practice this free-dom was often overridden by the Government But there is still a desire, if possible, to make changes in MLR less political and more responsive to market forces.

Fourth, a switch in the immediate future to a fullyfledged monetary base system seems unlikely because of the extent of the upheavals involved. But some moves in that direction are possible, perhaps involving an extension from the clearers to all banks of the requirement to maintain a minimum level of cash balances at the Bank. This was suggested in the consultative Green Paper last March which also called for the end of the increasingly cumbersome reserve assets ratio

Recent pressures a test for any framework

which requires banks to hold specified - short-term - financial holdings as a minimum percentage of liabilities.

Fifth, and possibly most significant, there is general agreement that the public sector should be less reliant than now on sales of gilt-edged stock to financial institutions. The intention to expand direct fund raising from the personal sector haš already been signalled by the enlarged issue of inflation-"gramy bonds" and by the British National Oil

Corporation's revenue bonds. ... Sixth, and finally, any reduction in sales of gilts will, it is hoped, reduce yields on longterm bonds and make funds available to attract industry to return to the long-term capital market via issues of debentures and loan stocks. Such issues should reduce industry's dependence on the banks for external finance and help to limit the growth of the money supply.

encies of the present system and the scope for improvement, any framework of monetary control would probably have found it difficult to cope with the pressures of the last 18 months.

Monetary control may look much easier when, or if, the inflation rate is reduced and public sector borrowing is brought under control. Sir Geoffrey is likely to have a demanding two hours this afternoon.

STERLING M3: seasonally adjusted Percentage change on corresponding month in previous year

Business is

blooming

not be afraid that discontent of own borders. The system is too deeply entrenched. But they cannot but be nervous about the second successive failure of the Soviet harvest. Since Stalin's by Sime Darby, these delicate blooms are the latest product again and again led to upof the Orient to join the prosaic palm oil, rubber and cocoa The resignation last week of

Candy, Pace, Ogden Nash may be dandy and liquor quicker. But orchids are exotica, probably cheaper . . . and the upand coming soft commodity.

A little way outside the normal run of crops handled

more commonly listed among the Malaysian conglomerate's That Malaysia's biggest company, turning over £500m a year, should concern itself with exporting single flowers is intriguing in itself. That it should refuse to disclose figures and ambitions—"There's a lot of competition"-is distinctly

Its sole customer, Marks and High fliers Spencer, is less secretive but not much more help. "We are selling more than a ton a week." I was told. "I don't know how you break that down, but it's an awful lot of orchids." And at 99p each retail, it sounds like a not-inconsiderable amount of

Marks and Spencer's recent seems, go far beyond looking around for export-minded around for export-minded growers of monocotyledons. Eight weeks ago a Bangkok businessman opened his first store selling St. Michael branded British-made clothing. Now he has three shops and

Double dealing

Fact and fiction are now becoming legally entangled in Dallas, scene of the popular televised soap opera.

While small-screen addicts throughout the world wait impatiently for the next series to find out who shot the villainous

J. R. Ewing, the producers of Tory Party), he is currently shire. Bringing prospects for the Texas family saga are trainserving an apprenticeship of a up to 150 jobs in the first three ing their legal guns on another different kind, as Parliamentary years, Butcher Boy (UK), a subreal, live Ewing. It turns out that there is a real Robert Ewing, who also owns an oil company, living down near Dallas. And simply by stampother knick-knacks, he has been busily cashing in on the televi-

Claiming copyright infringe-ments, Lorimar Productions, the television film company, has started legal proceedings. Ewing faces a \$1.5m suit for damages and a claim for the seizure of his more than nominal profits. Ewing protests: "I don't see how anyone can stop me from more urgent, he says, using my own name." and is spending on erosion control. Suing Lorimar for trying to do

And at the opening ceremon

It is blatantly obvious that by basing his new subsidiary, Loral International, in Britain, and by appointing two Britons to its board. Bernard Schwartz is leaving little to chance in his bid to have his Bronx-based Loral Corporation win the contract for electronic surveillance and missile bamboozing hars ware in UK's updated Jaguars. Schwartz has already staked a strong claim for the contract

by agreeing that should the con-tract fall his way, Racal will manufacture his aptly-named Rapport system in the UK. Now. with MP Kenneth Warren and Bravely chasing around the European MP Sir Fred Warner country trying to clear up the in his stable, he has two mightily influential allies.

on the board at Guinness Peat. at the weekend. Warren, the technocrat, started out as a lowly de Havilland apprentice. Working his way through Smiths Aircraft Instruments, Military Flight Systems

private secretary to Industry Minister Sir Keith Joseph.

Bad tidings

County Commissioner Thomas Flowers of Hoopers Island, Maryland, is not a man much given to hypocrisy. A firm opponent of the \$3.5m project to build a bridge at Chesapeake Bay, he never made any secret of his view that the structure is a waste of public money. Far more urgent, he says, is And at the opening ceremony the other day he took the opportunity to spread his opinions nationwide.

announced to the assembled dignatories and Press. "to dedicate a bridge that is a monument to man's waste, a monument to governmental "Our great Creator and Father," he appealed, "bless this bridge and those who will use this structure to meet their needs, knowing that wind and wave and tide are daily at work destroying that which has been

"We are gathered here." he

Plugging the gap

closures, the mop-and-bucket Warner, the diplomat, is a former NATO Minister and ambassador to the UN, and sits dustry) claimed another success

In concert with the Scottish
Development Agency, they have lured a leading U.S. manufacturer of meat processing machinery 6,000 miles from California to the black leaders.

If it is any comfort to those on the receiving end, the price of Krugerrands fell £10 between the time of the alleged crime and Friday's close. and Elliott Automation (and California to the bleak landscape dubbed the "silicon chip" of the of the Garnock Valley in Ayr-California to the bleak landscape

sidiary of Laser Manufacturing, will help fill the gap left when British Steel shut its open-cast melting shops, threw 700 out of work and raised unemployment in the valley to 11.5 per cent The job creators found Wil-

liam Laser in Los Angeles, fret-ting over the lack of capacity in his existing facilities, high transport costs to his European markets and a dire shortage of skilled labour. In Garnock he was provided with a 20,000 sq. ft. advance factory, handy access to the Clyde container port at Greenock, and all the metal-working skills he could hope for. Although the Irish tempted him with their extravagant tax inducements, "finance," he said, was not a major considera-

tion." What he wanted was the ability to produce the company's products to its U.S. standards and improved delivery times. BSC (Industry) will be help ing by supplying Butcher Boy with the equipment to get started on lease, while its parent can be relied on to ensure that it has all the steel it needs.

Kruger coup One group of clearing bankers

glumly surveying a large hole in its pocket following a major Krugerrand coup late last week. Charterhouse Japhet, which while its face may be red, stresses that its financial affairs country trying to clear up the stresses that its financial affairs mess left by British Steel's are unaffected, was the unwitting intermediary. It handed brigade of the corporation's job over 500 of the one-ounce coins creation subsidiary. BSC (In-worth £150,000-on the -worth £150,000-on the strength of what proved to be a forged bank draft.

will. I hear, spend this morning



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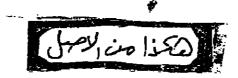
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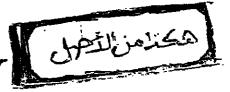
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FINANCIAL TIMES SURVEY



Monday October 27, 1980

Population

millions

220

West Germany

Helmut Schmidt-Europe's most influential leader-is at the start of what may be his last full legislative period as Chancellor. He has never pushed his country to the forefront of international politics, but some of his supporters think the Federal Republic should play a stronger role in the 80s both within and outside the European Community.

olítics .	И	Dr. Wilfried Guth	x
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ompetition	IX	The arts	IIIVX
anking	×	Broadcasting	IIIVX

196.1

401.3

Election confirms a stable middle road

By Jonathan Carr, Bonn Correspondent

THE WEST GERMAN General almost certainly have won Election this month was markedly less support—and important for two main reasons. might not even still be in Chancellor It consolidated Chancellor government. His overall Helmut Schmidt's position as Bundestag majority is more the most influential leader in secure that it was, and that is Europe, and it underlined the attachment of his country to a middle road in politics. What are the international implica-

For one thing, Herr Schmidt has gained more parliamentary room for manoeuvre in foreign and domestic policy. In the old Bundestag (lower house) his Social Democrat Party (SPD) and its liberal ally, the Free Democrats (FDP), had a majority of only 10 seats over the Conservative opposition. The Chancellor and his aides constantly looking over their shoulders at an SPD Leftwing which could, and some-times did, endanger that slim

don minister

NOVEM

H FER

In the new Bundestag, which holds its first meeting next last full legislative period as month, the SPD-FDP will have Government leader. Many sugtrue that most of the gain is true that most of the gain is active role as initiator and due to the particular electoral catalyst in European affairs, boost given to the Liberals, and then he will never be in a that part of the SPD is stronger position to do so than grumbling that the Chancellor he is now. Further, it is

the main thing.

What might Herr Schmidt do with this new-found albeit relative, freedom? He has been Head of Government now for more than six years, which is longer than any federal chan-cellor apart from the first one, Dr. Konrad Adenauer, who held office from 1949 to 1963. The election victory means that, barring the unexpected (such as desertion of the FDP from the coalition), Herr Schmidt will be in power until autumn 1984, when he will be aged 65. True, Dr. Adenauer was still in office until well into his 80s, but the stress of the Chancellorship is now much greater than it used to be.

In other words, Herr Schmidt is probably at the start of his gest that if he is to play a more "academic" a cam- argued, the Soviet Union has

U.S. has not played the consistent role its allies hoped for. According to this reasoning, there is thus both a leadership to organise greater co-operation between the medium-sized states on the European con-tinent—in both East and West. Could not the Federal Republic under Herr Schmidt take on

One counter-argument is that Herr Schmidt has never been keen to see his country pushing itself to the forefront in international politics. He knows that the Federal Republic's economic and financial success often aroused envy which, in Europe, was mingled with memories of the Nazi era.

Intermittent

real leadership role were to emerge in Europe, then it belonged to the European Council, the gathering of heads of state or government of the European Community (EEC) countries.

has only intermittently been able to function in the way both Paris and Bonn hoped for. And France — despite President Charles de Gaulle's grandoise paign. Herr Schmidt is losing isolated itself internationally Charles de Gaulle's grandolse no sleep over these charges: through its military intervenvision of a Europe "from the without him the SPD would tion in Afghanistan, and the Atlantic to the Urals"—is

this task in the 1980s?

He used to say that if any

But the European Council

neither as important to the Rus-

Area

9.363

Wages plus supplementary costs.

There remains the concept of a Franco-German leadership tandem and that has worked several times: for example, over introduction of the European Monetary System (EMS). Fur-ther, President Valery Giscard d'Estaing's talks with the Soviet leader. Mr. Leonid Brezhnev, in Warsaw this summer helped break the ice for Herr Schmidt's own Kremlin discussions shortly afterwards. (It is not true that Herr Schmidt was put out because President Giscard only briefed him at a late stage about the aim of the Warsaw talks.) It transpires that the President was himself not certain until the last moment that the talks with Mr. Brezhnev would actually be held-despite press reports from Warsaw indicating the discussions were definitely

But in the end it was Herr Schmidt who achieved the breakthrough prodding the two superpowers to negotiate on the problem of intermediaterange nuclear missiles. It is hard to imagine a German Chancellor doing that a decade -and in that respect alone Herr. Schmidt has assumed (willingly or not) a special re-

neither as important to the Russians nor as close to the U.S. as foreign and domestic—hindering West Germany's ability to fluence events. To the East, the labour unrest in Poland has not only caused Herr Schmidt it used to be. to lose in Mr. Edward Gierek a It would be foolish to dismiss leader he admired and trusted above others in the COMECON

Inflation

rate† %

+17.2

+13.3

brough new tension between Bonn and East Berlin. To the West, major new political initiatives in the EEC depend first on the resolution next year of budgetary and agricultural problems of hair-raising complexity. Hopes that the EEC might be able to make a firm contribution to reducing Arab-Israeli tension have not so far been fulfilled, and Bonn has looked on helplessly at the Iran-Iraq conflict, painfully aware of its almost complete dependence

16.90

Further, it is true that West Germany was able to play a somewhat more active political. role in the last year or two because of its growing economic economically in this decade question. Is West Germany's and that stability has been furpower. Some might think that than in the last. There are domestic political stability suf- thered by competent leadership ludge from the large current account deficit this year

on imports for its oil.

than usual trade surplus, the that they will not be the last, herce domestic debate over They do not of themselves public sector borrowing and the prove that the whole policy signs that the Deutsche Mark is not the high-flying currency

‡ Excluding loans and other claims of rest of

COMPARATIVE STATISTICS 1979

Gross National Product

Share as % of industrialised

countries

35.2

these points out of hand, but it would also be wrong to take countries, it has also worried only a short-term view. It is true that West Germany is before, only to be overcome bearing a particularly large because the consequences for share of the total payments member states of failing to deficit of the Western agree were seen to be worse East Germany enough to take steps to restrict visits from the deficit of the Western industrialised countries: the mirror image of part of the huge surpluses of the oilproducing states. It could even be seen as a sign of economic strength that the German deficit has reached its high level without still louder domestic cries for

Be that as it may, is likely to become smaller next year, the Deutsche Mark to strengthen and the inflation of almost all other countries, something It would be highly premature foreign affairs, one hastens to conclude that West Germany is going to be less competitive That point leads to a further will be true.

was misconceived, nor that the basis of mutual advantage on which it was founded no longer exists. Much the same goes and treasures." for developments within the trary, it looked like a model EEC, where a "crisis" has Western democracy: with a emerged times without number mixture of direct election and

Exports

DMbn as % of GNP 314.6 22.6

167.1

333.2

17.9

Statesmanship

than the cost of compromise.

- West Germany is relatively better placed than any other single state to influence events import in the way it desires, but it will need statesmanship of a very high order. Bismarck, German current account deficit that master of balancing power politics, would surely have revelled in the difficulties. It to strengthen and the inflation is worth noting that Herr rate to remain well below that Schmidt takes Bismarck as of a model — in

domestic political stability sufis now in decline to even signs that the opposite ficiently firm to underpin a

doubts. Not that the Federal Republic
Gaulle's uneasy vision of a 2 sublime but Germany as a "sublime but glaucous sen where the fisherman's net hauls up monsters trary, it looked like a model Western democracy: with a devolution of power, a responsible trade union organisation, an independent central bank

34.5

judiciary, and so on. The most interesting lesson from this recent election result, In both cases-east and west and the course of the preceding campaign, is not simply that the Federal Republic has a voting system which favours coalition but which keeps splinter parties out of the Bundestag. That has always been true. More important is that after over 30 years the West Germans seem to have found a sense of tradition o their own.

That point brings this article Schmidt's international influence is extensive not least because of his country's domestic stability, thered by competent leadership of the Centre. No national politibroader international leader cal model can be transposed ludge from the large current will be true.

oroscer international leader cal model can be transposed account deficit this year Further, the difficulties in ship role?

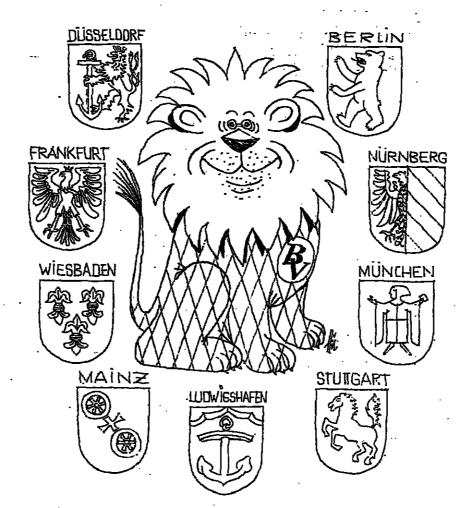
(probably about DM 30bn or "ostpolitik" are not the first. A few years ago there could Germany's experience has lesser cent of GNP), the smaller — and it is safe to suppose still have been legitimate sons for other countries.

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ECONOMIC DEVELOPMENT CORPORATION

Present victory may lead to future divisions **POLITICS** ROGER BOYES the October General

BLOOD, sweat and tears charac Election campaign in Germany which returned Chancellor Helmut Schmidt to power and which torpedoed Herr Franz Josef Strauss's chances of ever becoming the country's leader. The sweat glistened on the

brows of the Free Democrats, the small Liberal Coalition partner of Chancellor Schmidt's Social Democrats, who claimed to be fighting for their very existence. After a strenuous campaign, the FDP actually won 10.5 per cent of the vote their best result since 1961 and their best result since 1961 and well over the 5 per cent minimum needed for parliamentary representation. For them the sweat has paid off, for they have returned to the Coalition with their bargaining power greatly strengthened in relation to the SPD which captured only 42.9 per cent of the vote—that is scarcely more than 0.3 per cent more than in the 1976 elections. more than in the 1976 elections. By contrast, the FDP gained 2.7 per cent on the 1976 result.

The tears, some crocodile and some real, were being shed and repressed at the headquarters the Christian Democratic Union, the Opposition party that managed only 44.5 per cent of the vote—that is, over 4 per cent down on its 1976 result and its worst result for 30 years. To some sections of the party, defeat has one redeeming feature. It has sharply reduced the influence of Herr Strauss, the Bavarian premier, on the

running of the party.

Herr Strauss for some two decades had nurtured ambitions of being Chancellor but was unable to win over the party from his strong but narrow Bavarian power base. Eventually, after threatening to with-



Chancellor Schmidt and Foreign Minister Hans-Dietrich Genscher in happy mood after their election victory

Bavarian Christian Social Union Party from the CDU, it was decided last year that he should be the official opposition challenger to Chancellor Schmidt. His chances were never great but a series of tactical errors and his inability to rally the whole of the opposition behind him made for almost inevitable

The blood was real enough. creating a shocking and grisly coda to a dissonant election campaign. A bomb explosion at Munich's Oktoberfest beer festival killed 13 people and injured over 200—the worst terrorist attack that post-war Germany has known Extreme Right-wingers are believed tohave been responsible. Herr-Strauss, as Bavarian Premier. interrupted his electioneering to visit the scene of the disaster. Partly out of anger, he reacted in precisely the wrong way. He thrust the explosion into the election campaign, accusing Herr Gerhart Baum, the Federal Interior Minister, of being indirectly responsible for such terrorist activity—he was soft on terrorists and had destroyed the morale of the

police. Herr Strauss said. It was precisely the wrong thing to say so soon after the tragedy and, coming only a week before the Elections, it must have helped to persuade a considerable number of hovering Christian Democratic coming legislative period.

Uncontrolled

The outburst, the Coalition parties were quick to point out was typical of the "unpredictable and uncontrolled" responses of Herr Strauss when under stress. How could be be allowed to take over the charge of the country? That was at any rate, the main tenor of the SPD's campaign which centred on the slogan "Stop Strauss," The slogan, it emerges from post election analyses, helped to mobilise an unusually high proportion of the 3 for first time waters many the 3.6m first-time voters, many of whom were SPD supporters.

But at the same time some 500,000 SPD voters—concerned at the polarisation of the campaign and about the Left-wing of the SPD—drifted to the FDP. This has become known as the "Schmidt-Genscher" factor— many voters who simply wanted a continuation of the Government of the centre split their votes (Germans have two votes) between the two parties.

The return of Herr Schmidt and Herr Hans Dietrich Genscher, the Foreign Minister and FDP chairman, means that Bonn's foreign policy will essentially continue on the same tramlines as it has for the past four years. Dialogue with Eastern Europe and Moscow will still play an important role, the need for strategic arms talks on medium-range weaponry will still be a foreign policy priority, the strong relationship with France remains unsbaken (always given that President Valery Giscard d'Estaing isre-elected next year) and Germany is as dependent as ever on the U.S. nuclear umbrella. If anything, the Chancellor has won a little more flexibility in his foreign policy dealings—at a time when other major countries are either frozen in election campaigns themselves or have stumbled against the boundaries of their power.

But the shift towards the FDP in the current complexion of the Coalition may make for difficulties on the domestic front. Already at the end of the last legislative period there were signs that the reservoir of were signs that the reservoir of Herr Strauss's departure common interest between the appears to have become so common interest between the appears to have become so Herr Schmidt — Herr Hans two parties was beginning to attractive to the Liberal Free Jochen Vogel, the Justice dry up and certainly that inter- Democrats that they could Minister, for example, or Herr party communication was poor. decide to change sides. There Hans Apel, the Defence Minister.

siderable impetus which will Adenauer—48.6 per cent of the political scene has to be watched help, at least at first, to smooth vote—it was still two clear carefully in the years to come.

over serious differences. Herr Genscher has already moved to defuse one potential source of conflict by asserting that he will not be demanding a new Ministerial portfolio for his party. The FDP already has four dorff's determined market-important Cabinet posts: Herr orientated economic policy is Genscher at the Foreign Ministry, Count Otto Lambsdorff at the Economics Ministry. Herr Baum at the Interior Ministry and Herr Josef

are li ruptive to the coalition in the line of Herr Baum, then a coming legislative period.

the steel industry. The SPD would like to introduce a special Bill guaranteeing the maintenance of strict capitallabour parity in the Boardroom of the Mannesmann steel and engineering concern. Mannes-mann had been hoping to escape the strict parity regulations by merging its pipe and steel divisions. The FDR opposes a special law, argues that a company has the right to re-structure and has warned the SPD against club-bing together with parts of the CDU opposition to push through the law. The situation may be defused if the Metal Workers' Union and Mannessmann can reach a compromise agreement over the next six weeks.

. How . to save Government money. The theme of State indebtedness was made into one of the few effective election issues by the CDU and the Coalition is confronted with the problem, in its early months of rule, of how to save money in the drafting of the 1981 budget. The SPD favours, among other things, cutting subsidies to farmers (an FDP Ministry) while the FDP would like the

of Herr Strauss's Christian Social Union in the race to be ● The Coalition parties also have to agree on the delicate issue of old age pension increases. The SPD favours a tenberg is a North German Prouse in pensions linked to the a bridging element to the South increase in gross salaries (as do the Christian Democrats) while the FDP backs pensions linked

Nonetheless, the centrepiece of CDU strategy in the wake of on for ever and ever. Would dry up and certainly that interparty communication was poor.
On at least two occasions, the Coalition lost important bills the first place, it is almost the alive? What will the Free impossible for the CDU-CSU to oust the PD-FDP from power of the SPD become more noisy imponderables left in a political custom that prides itself on its without a manmoth swing in its imponderables left in a political favour. Even in 1976 when the system that prides itself on its The new Parliament will, of CDU recorded its best result predictability? They, at least, course given the Coalition con- since the days of Konrad will ensure that the German

218 214 243

percentage points away from

Second it is evident that nor

tions of the FDP programme

would fit in quite happily with

that of the CDU. Count Lambs-

sections of the CDU (indeed

some members of the CDU are

actually to the Left of Count Lambsdorff). Should the FDP

fall increasingly under the wing

Finally, now that Herr Strauss, a Right-winger, has edged off the stage and returned to Bavaria, the strong Liberal

Conservative faction within the

CDU will clearly have its day. The main candidates to become

next opposition challenger to

Dr. Ernst Albrecht, Premier

of Lower Saxony. A gifted provincial politician who

opposed Herr Strauss for the

Chancellor candidate position last year. He faces State Elec-tions in 1982 and will have to focus on winning those before

declaring himself a contender again. His talented Finance Minister, Merr Walther Leisler

Kiep; is now active in Bonn and

this may work to the benefit of his former chief. Dr. Kohl had

backed Dr. Albrecht's Chancel-

lor bid to be Chancellor-candidate of the CDU.

Dr. Gerhard Stoltenberg,

Premier of Schleswig-Holstein.

Closely identified with Herr

Strauss during this summer's

Election campaign, indeed he would have been Vice-Chancel-

lor and Finance Minister under

a Strauss Government, he too faces a State Election in 1982

and it is by no means certain that he will win. If he does, then he may receive the backing

Chancellor-candidate. Herr Stol-

testant and would probably need

But despite the bevy of ambi-tious regional chieftains anxious

to tilt at the Chancellor, the

CDU faces an uphill task in try-

ing to upset the Coalition. For

one thing, it is not clear that

they have exorcised Herr Strauss for once and for all

Should he revive his plan to

split the CDU from the CSU.

the Opposition would be in deep

But much can change in four

years and all votes of confidence

for the SPD-FDP Coalition seem to be based on the premise that Chancellor Schmidt will carry

even a moderate successor to

trouble yet again.

CDU

Chancellor Schmidt are:

quite sympathetic

Election results for the main parties

(Number of seats and percentage of vote)

Ertly at Agriculture. Nonetheless, the following of Count Lambsdorff and away

supporters to stay at home • Workers co-determination in a logical possibility, rather than to vote for him. the steel industry. The SPD Finally, now the

Research Ministry (in SPD hands) to pare some of its future investment plans.

German Catholics—the explicit support of Herr Lothar Spaeth, Premier of Baden Wuerttemberg, for example — before being able to integrate the

Switch These issues will only become critical for the Coalition if the SPD decides to vote with the Christian Democrats and thus stampede their junior partner. This question seems to be the only one at present that could persuade the FDP to abandon ship before the next Elections in 1984. On the whole it is too dangerous for a small party like the FDP to switch from a successful government and throw in its lot with the successful Christian Democrats.

confinence lies the world's largest inland port) is the economic heart of the Fede-ral Republic of Germany.

That it generates over 10%

of the electric energy and

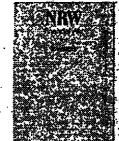
TOO GOOD TO BE TRUE?

husiness.)

cing assistance.

Westphalia pays the bill.





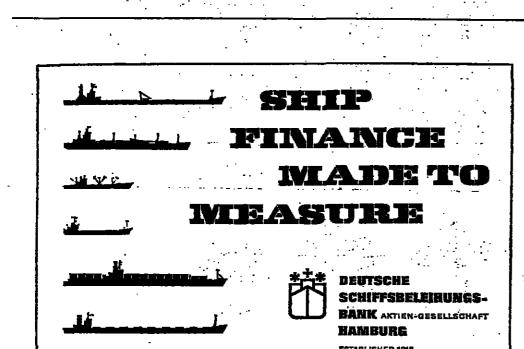




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WEST GERMANY III

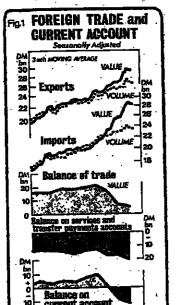
Downturn could signal deeper problems

THE ECONOMY JONATHAN CARR

THE WEST German economy began this year with a bang but is ending it in sombre mood. The questions being asked are these: Is it facing the usual cyclical difficulties — something the Germans have so often coped with successfully before-or do the problems go deeper, implying that the Federal Republic may slip down the international economic league

table in the 1980s? Take the emergence of a trade deficit in August. The figure was only a relatively tiny DM 133m -- based on exports of DM 24.2bn; and imports of DM 24.3bn and many countries would be delighted to achieve such a result. But for the Germans it was the first monthly deficit on visible trade for nearly 15 years. To make things worse, it heavily underlined a trend existing since mid-1978 and demonstrated in the accompanying

Fig. 1. While the visible trade surplus has dropped rapidly (from DM 41.2bn in 1978 to DM 22.5bn in 1979 and to only DM 4.5bn in the first eight months of this year) the deficit on services and transfers (such as remittances



home by foreign workers in Germany) has increased. The current from a that plunged DM 17.6bn surplus in 1978 to a DM 9bn deficit last year, and is likely to be about DM 30bn in the red this year. Even after the first oil crisis of 1973-74 build up visible trade surpluses big enough, which more than offset its deficit on "invisibles."

1976 '77 '78 '79 '80

That is no longer so.

Word of the August trade
deficit emerged at a time when even the most optimistic observers had given up contesting the evidence that domestic economic growth was lagging. The Bonn Government had said in January that it expected real growth in Gross National Product (GNP) of a "good" 2.5 per cent this year (after 4.5 per cent last year). For a time it seemed that this figure might prove a triffe low; real growth in the first quarter was no less even the most optimistic obserin the first quarter was no less than 5.6 per cent higher than in the corresponding period of 1979. But in the second quarter the figure plummeted to 1.6 per cent, new orders to manufacturing industry fall sharily and ing industry fell sharply and the business climate worsened

markedly.

Sectors of the vehicle manufacturing industry were first to show signs of sluggishness, followed by construction and chemicals. The problems of the steel companies got worse. The unemployment rate, which had fallen from 4.5 per cent in January to 3.3 per cent in May, rose—unseasonally—in June, the first time this has happened for 20 years. At the end of for 20 years. At the end of August there were 864,500 Job-

3.7 per cent compared with 3.5 picture. The present trade per cent in the corresponding figures would indeed be cause Thus despite that boost to

only about 2 per cent growth in GNP is likely to be achieved. And it has long been clear that Bonn's hopes of an inflation rate of about 4.5 per cent this year (after 4.1 per cent last year and only 2.7 per cent in 1978) cannot be fulfilled.

The cost of living rose an an annual rate of 6 per cent in May oil) going un by not less than the economy early in the year,

annual rate of 6 per cent in May and June—implying fairly early on that the original inflation projection for 1980 had been too optimistic. Since then there have admittedly been signs that the cost of living is rising less rapidly—and certainly any international comparison shows that the Germans have been doing relatively very well. But it is not always easy to con-vince the Germans themselves of that fact.

Throughout this period the Deutsche Mark has continued to weaken-though that is not to say that it has become a chronically weak currency. No doubt the growing current account deficit has had something to do with the trend. It is hard to say for certain since so many accepted truths about the relationship between the strength of a country's currency on the one hand and its inflation rate and current account position on the other have been seriously challenged by events over the last few years.

But it is at least true that the halt to the long-standing upward surge of the Deutsche Mark has broadly coincided with West Germany's move out of current account surplus. Last year, admittedly, the Deutsche Mark appreciated slightly in nominal terms against the currencies of West Germany's main trading

Decline

But in real terms - that is, allowing for the relatively lower German inflation rate — it did not appreciate at all. This year it has been declining, even in nominal terms, against every major currency except the Italian lira — and most sharply against sterling and the Japanese yen. The Deutsche Mark has even fallen by close to four per cent since the start of this year against the relatively stable dollar, thus boosting the bill, in Deutsche Mark terms, of dollar-priced imports. The most serious element there is oil, for which the Federal Republic is almost entirely import-dependent.
All this has presented the

Bundesbank — the independent central bank - with a major dilemma. It has sought through high interest rates to attract inflows of foreign capital and current account deficit by this route. It was an uncontroversial course so long as the domestic economy was performing strongly. Indeed it was clearly essential to prevent economic overheating and still more

The problem arose when the economy turned down—though foreign interest rates remained. high and the Bundesbank's interest in attracting inflows of capital through rates similarly high remained as great as ever. Inevitably some voices in business and in the ruling Social Democrat Party (SPD) began to complain that the Bundesbank was over-emphasising the foreign financing element and driving the domestic economy towards serious recession.

Be that as it may, the spectacle of a German central bank diligently trying to attract a movement into the Deutsche Mark to help plug's hole in the current account is certainly a

novel one.

It would not be hard to take all the evidence presented so far, note that West Germans are themselves some of the far, note that West Germans are paying themselves some of the bighest wages in the world and conclude that the country is slowly pricing itself out of its hitherto competitive place in world markets.

But that is only half the

less-an unemployment rate of

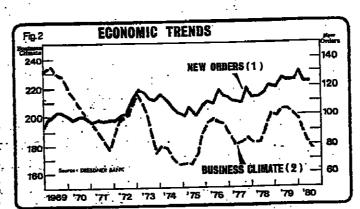
The Bank Für Gemeinwirtschaft offices in Frankfurt

for concern if they offered prof that West German exports were seriously loosing ground on

oil) going up by not less than 18.5 per cent. Exclude the price. factor and it emerges that in real terms exports grew by eight per cent — faster than imports, which increased by a real six per cent. There is not much sign of a lack of German competitiveness there, whatever the nominal rates may seem to imply.

Competitive

What comes next? According to the respected IFO economic institute of Munich, the growing downturn in Western economies will also bring some fall in raw material prices. Big stocks of oil in consuming countries, as well as energy-saving measures, should help prevent a sharp rise in oil prices (barring a Middle East catastrophe — one key assumption on which almost every economic projection has small. alas to be made). This will help keep the German import service



1 Volume of orders for industry, seasonably adjusted (1970=100).
2 "Business climate" barometer published by the IFO Institute for Economic Research in Munich: businessmen's evaluation of current

the large and in some cases growing gap between Germany's fairly low inflation rate and that of competitor countries, should help keep German goods competitive. Furthermore, the Western recession is likely to move in phases, with some countries emerging from it as others enter. Thus the danger of a massive setback to Germany's main export markets simultaneously seems fairly

All this, combined with a services deficit in 1981 some-what smaller than this year's,

tive weakness so far of the visible trade surplus next year Deutsche Mark, combined with and a markedly smaller current account deficit. In these cir-cumstances there is a reasonable prospect that the Deutsche Mark will strengthen, further depressing the import bill and helping to reduce the imported element of inflation.

In other words Germany in a year's time will not be fully back on the familiar virtuous circle of a very hig current surplus and a very strong Deutsche Mark it knew a decade ago. But neither will it be in the increasingly vicious circle pessimists prophesy for it.

One key condition, none the On the export side the rela- should bring Germany a larger less, is that Germany takes

reduce markedly its dependence on imported oil. This subject is dealt with in detail elsewhere in this survey. Suffice it to say here that this year Germany will probably be importing slightly less oil (crude and products together) in volume terms than it did in 1973; But it will be paying close to DM 70bn for it compared with about DM 15bn before. Put another way, this year the oil bill will total about 5.4 per cent of GNP against 2.5 per cent only two years ago.

This is a danger but also a challenge which, if accepted, could be a major help in keeping Germany in the top competi-tive rank of industrialised nations. It has long been clear that the Germans have been able to sell their products in huge volume on world markets even when the price has been somewhat higher than that of a competitor.

The reason why is that they have often been able to keep themselves a nose abead of other nations technologically. because orders are fulfilled punctually and because they provide reliable after-sales service. The trend throughout the Western industrialised worldand beyond-towards big investment in energy savings and oilsubstitution is one from which the Germans now stand to gain enormously.

That goes in particular for the electrical and mechanical

stronger steps than hitherto to engineering sectors—two of the pares major contributors to Germany's economy and export effort. But it is also true for the services sector-witness the rise of the advisory services on the increasingly complicated question of which new technique is best suited to solve which specific energy problem.

The energy crisis has of course brought difficulties too, hence the plight of some of the German vehicle companies. But look at the benefits Volkswagen, for one rearned herance it for one, reaped because it spotted the market trend to-wards energy-saving quickly enough and took appropriate

System

The German "social market." economic system helps here. It encourages relatively rapid change to meet a new challenge—though this does not mean there are no State sub-sidies or that market forces are in fact as strongly in play as many Germans often suggest

Two outstanding questions remain. First, even good products delivered on time could be-come prohibitively expensive. Are the Germans pricing themselves out of world markets because of rising wage costs in particular?

released study A study released by Dresdner Bank this month com-

pares hourly wages and productivity in Germany and other countries and contains a table of competitiveness based on wage costs per unit of output. The upshot is that over the last decade Germany has become slightly more competitive (by slightly more competitive toy this measurement) against Belgium, France and the Netherlands, slightly less so against the U.S. and Britain, and has roughly maintained its position against countries such as Japan, Sweden, Italy and Spain

The message is that the German situation is not worsening as dramatically as some suggest. But there is absolutely no cause for complacency

The answer to the first question leads inevitably to the second. Will the relatively smooth relations between trade unious and management in Germany be maintained? This issue too is dealt with in detail elsewhere in this survey. It is true there are problems, among them the rise of a new genera-tion of trade union leaders who were not directly involved in the post-war reconstruction. There will certainly be new frictionswhich will be deeply deplored by most Germans. But a glance across its borders suggests that the Federal Republic will remain better off in this respect too than most leading countries -perhaps all of them.

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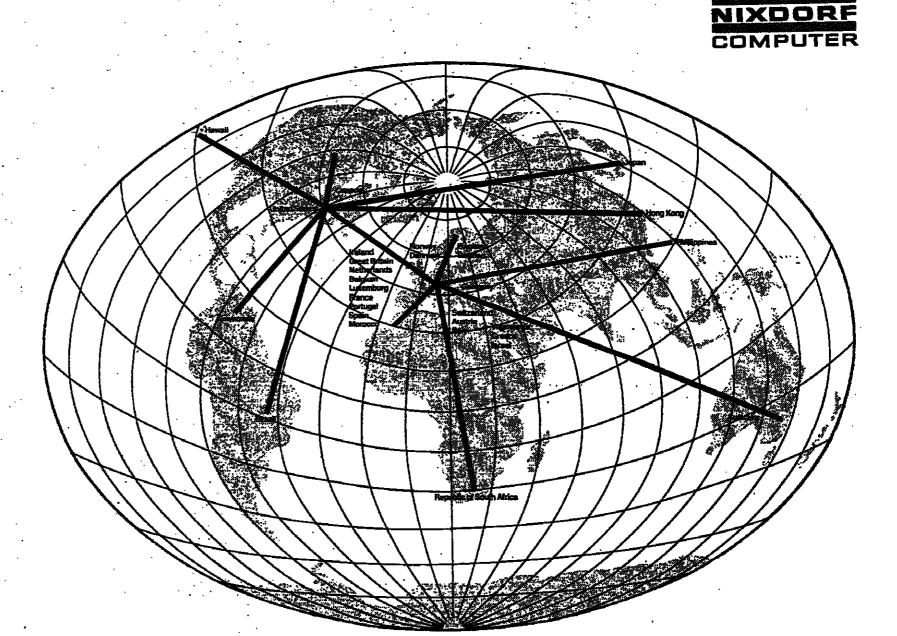
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Financial problems loom

large over prospects

further enlargement of the cence of an unexploded bomb. But it is also worth noting that Community (to include Spain and Portugal) are almost principle of an upper limit for taken by Brussels would need inextricably intertwined. Bonn the net contribution of a memknows very well what it wants ber state should be extended on the issues of budget and thus to include Germany (as enlargement, but is not yet cer- well as Britain), and perhaps support in the tain how far to aim for a similar limit should be im-changes in the CAP (apart from posed on the net amount of

> That would be one way of limiting the extent to which West Germany acted as "paymaster of Europe." At the same time the Government-at least the Chancellery, the Finance Ministry and Economics

clear that it wants a reformed EEC financial system "which does not one-sidedly place Ministry insists, often with frightening intensity, that the legal ceiling placed on the amount of Value Added Tax (VAT) the EEC can obtain burdens on just a few member states while others, which are economically no worse off, receive large net payments from the community." the member states to

It is not hard to see who Bonn has in mind. The accompanying table shows the expected net contributions to, Budget next year. The first column shows the figures as they would have been had there been no agreement on Britain's EEC Budget problem last summer. column shows the position following that agreement.

supporting measures to cut

surplus production—an aim to

politicians have paid lip service for years while the surpluses

The Government has made

European

most

have grown).

There are three points to make. First, the net contribution of West Germany has markedly increased while that of Britain has declined (although it remains fairly high). Second, France has moved from being a marginal net recipient to being a fairly big net contributor. Third, four countries fall within the Bonn definition of being "economically no worse off" while being large ner recipients from the EEC budget. The Benelux states and Denmark. Those four thus have some cause to be shaking in their shoes. They could face an "unholy alliance" of the EEC's three biggest member states, all net contributors and all discontent.

Is such an alliance of the really on the cards? True, Herr Schmidt used to support the idea of a triangle of power"-Bonn, Paris, London-on the grounds that bilateral Franco-German co-operation, though wholly

devalued by its constant repeti- clined to be sceptical.

griculture Policy (CAP) and about it the dangerous innoany member state can receive?

THE EEC BUDGET-1981 (Dm. m.)

Column "A" shows position as it would have been without the budget settlement with Britain this summer; column "B" shows how the position changed because of the changed because settlement Net contributions (minus)

and receipts (plus).

W. Germany	-3,414	-4,96
Britain	-5,371	-1,69 5
France	+ 25	891
Italy	+2,159	+1,619
Ireland	+1.707	
Belgium	+1,506	
Helland	+1.406	+1,237
Laxembourg	÷ 803	+ 796
Denmark	±1.406	+1,370
Source: West Ge	rman Finan	ce Minist

finance its Budget must not be raised. At present there is a 1 per cent VAT ceiling, and Community expenditure will have risen to hit it by 1982 at the latest.

The West Germans are not willfully denying the EEC funds they could raise without difficulty. The Bonn Government closing to recall two points, faces one of the toughest Herr Schmidt has just comdesirable in itself, did not bring domestic savings programmes through a general election with the optimal degree of stability it has ever undertaken. Already an increased parliamentary in Europe. But that was before some minor taxes are to be majority—he is probably in his his growing disenchantment with Britain's economic policies raised to help pay part of the last full term as Chancellor—with Britain's economic policies and his gradual conviction that ment with Britain in the sum will never be in a stronger Britain wanted no part of such mer. There is not much scope position to try to force exists a European arrangement. Of for raising other taxes with the in the EEC. Second, in 1977 course, if Prime Minister Mrs. domestic economy flagging and virtually everyone was be Margaret Thatcher gave firm that means stringent belt-ing the absence of major

iled a more political establish the (EMS). Against There it is held that if tary System (EMS). Against the estidence 1981 could bring devalued by its constant repeti-clined to be sceptical.

view." There it is held that if tary System (EMS). A tion in the context of the Community. The issues of the EEC many see the Budget problem the VAT ceiling or risking the further surprises—not Budget, reform of the Common being solved? One idea has breakdown of the EEC, then sarily unpleasant.

the member states and West Germany's case, across party lines.

There are few signs that this support would be forthcom That in turn implies that the is no course but to take fitte measures to hold back the growth of EEC agriculture expenditure, which accounts for some 70 per cent of the Brussels Budget. Here, it is far from lear that France and West Germany are in accord.

The French have made h plain, in public and in private, that they will not accept reform of the CAP: only adjustments curb abuses. Herr Josef Erti, the Bonn Agriculture Minister for the last 11 years and quite possibly hufilling the same role for another four, is also against changing the principles of the CAP. The fear is that if this policy were fundamentally changed then the key achievement of the EEC in creating a common market for industrial goods would be threatened—with grave conse-quences for Germany above all

Enlargement

The question then, whether enough can be done to hold back expenditure without referming the system itself. Past experience suggests in cannot. But f this 17 so, seelegen, mis a late **17 50, fe**r he Communist affe**rs to th** อะหากงานออก กรกั**กล**์ เลองเล กลุ่นประชาการแก้วเกิดเลี้ย answer is no. Germans none the less see enlargement as a political and indeed, military necessity to help safeguard the souther flank of NATO.

One could hardly find a bette force and the immovable object in international politics. It would be fruitless to pretend a way out of the mess is clear at present, but it is worth, in Herr Schmidt has just come in 1981 the EEC is heading for otherwise and was prepared to one of its most difficult periods tailor its policies accordingly, are some at the Bonn Foreign the decision had been taken on more political establish the European Mine-

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*Source: Media-Analyse 1980 known as MA 80, Germany's only annual syndicated national readership survey.

Added impetus to maintaining a balance under restrictions

DEFENCE

THE EEC

JONATHAN CARR

IT IS sadly appropriate that a

table of budgetary receipts and expenditure is being used to illustrate this survey of West Germany's policy towards the

would be much more pleasant to report that the financial

espect was of secondary impor-

ance and that major political

How nice it would be if Bonn

were ready to brush the thick

layer of dust from its copy of

the Tindemans report on European union, or even to throw its

eight behind the EEC reform

proposals made by the so-called three wise men" (called into

action at the initiative of the

French President, no less), but alas, most of the current

vidence suggests the contrary.

Money is at the heart of the matter.

President of the identity of a new President of the European Com-mission, to succeed Mr. Roy Jenkins, is significant in itself.

At one time he was toying with the idea that the Italian Trea-

sury Minister, Signor Filippo

Pandolfi, might be the man. When domestic Italian politics seemed to preclude this choice.

he raised the usme of the for-

mer Dutch Finance Minister. Mr. Wim Doisenberg, Not that

appointment of Levembourg's

In Caston Whom, but the trend

of his thinking was clear

were going to be uppermost and it would be wise to have a

man as Commission President who had knowledge and prac-tical experience of the field.

And what, it may be asked, about Herr Schmidt's view

that, ideally, every member of

the Commission should be cap-

able of holding a cabinet post in his home country? Might

that not make for a singular

clash of strong wills when

tricky financial issues, above all,

were discussed? Perhaps so. At any rate Herr Schmidt has abandoned this view of an ideal commission" in favour

of one in which one outstanding figure heads an efficient

team—no more but, it is hoped,

Ideal

Pipancial problems

Chancellor Helmut Schmidt's

initiatives were in prospect.

Community,

PITY POOR Hans Apel. Two years ago he overcame lingering doubts and shed the Finance Ministry portfolio to take up his current job as German Minister of Defence. The example set by Chancellor Helmut Schmidt, himself a former Finance and Defence Minister, seemed to underline

ping stone in the career of an ambitious politician. But Herr Apel has rapidly discovered that in no other portfolio-not even Financeare the options so tightly circumscribed. Germany's geography (its long border with Warsaw Pact countries), its history (which makes the nonstationing of nuclear weapons on its soil an important point of policy), its party political complexion (a sizeable part of the Social Democratic party was opposed to new theatre nuclear weapons), its present financial state account deficit this year of DM 20hn plus) and its strategic position, all these contribute making defence policy little more than a balancing act.

How, for example, does one maintain a balance between one's commitment to the NATO alliance, and specifically the U.S. with the need to maintain a dialogue with (and, at the same time, deter) the Soviet Union and Eastern Europe? It is not a static process; earlier in this U.S. election year, White House interpretation of what constituted Alliance solidarity seemed to change almost monthly and, after the Soviet invasion of Afghanistan and the

Paradoxically, the Soviet Union, in its curlously self-defeating

The Soviet invasion of Ocean In short, the Germans fghanistan suddenly gave the see their defence role as essen-Defence Ministry more leverage than it has had in years and above all it gave a focus to German policy. The balance of power in the Gulf had to be power in the Gulf had to be proven economic strength or restored (though by diplomatic with its growing importance on rather than military means), the international stage. To U.S. forces had to be given more critics, for example, it appears flexibility and defence spending had to be boosted to meet the NATO target of a 3 per cent real increase. Left-wing critics

of German defence spending-

German ships participating in countries should expla joint Naval Force to the traditional links w way, came to the aid of Herr Straits of Hormuz, no likelihood Apel's frustrated defence of a permanent stationing of German warships in the Indian

> The problem is that this relatively limited defence role does not match up with Germany's that Germany is trying tacitly to assume a world leadership mantle without committing itself to the responsibilities of global defence that such leader-

GERMAN DEFENCE AT A GLANCE

Military service	15 month
Defence expenditure 1980	\ 38.85 Dmb
Total armed forces	495,00 (including 225,000 conscripts
Mobilisation strength	1.25m approx
Army	335,20
Navy	36,50
Air Force	106,00

and of the NATO missile ship requires. It is left to the construction and new, potentially expensive multinational projects, such as the Franco-

German tank, were mooted. But Germany has not become military superpower overnight. It may have an extremely large conventional army (see table) but, at root, the Soviet invasion of Afghanistan and the subsequent Alliance discussions

modermisation plan - were U.S. to take the global defence temporarily winded a supple duties—and take the risks—mentary budget was drawn up while Germany merely shows to help beef up aid to Turkey itself willing to fill in the gaps and ease the strain on the German army's fuel costs, the West European union lifted Much of German diplomatic Much of German diplomatic tonnage restrictions on warship activity in the U.S. has been

concentrated on trying to dispel place, Bonn repeats the point about the various limitations on its room for manoeuvre. But German officials also stress that Germany views the NATO alliance as a collection of countries with different, contributing tasks and not as a subsequent Alliance discussions mirror-image of the Warsaw merely underlined Bonn's Pact. The German Alliance Polish troubles, talking with the East became even more difficult than usual.

Out of this web of policy prerogatives, a coherent defence programme has to be spun.

Imreely underlined Bonn's Fact. The German Alliance philosophy is that of "Division of Labour." This means simply that it is pointless for European programme has to be spun.

traditional links with weaker parts of the Allian outside it and cu bilateral military ties There is no denying ever, that Bonn was worried about the gen of U.S. leadership, c of Afghanistan, when co be particularly h defence terms, one of sequences of this was the Germans in s matters. This, too, squa

German tank project agre pared to take only a number of the finished w that the know-how was tially German and wo appears to be prepared to ride these criticisms for sake of sealing the Fri German defence bond.

Maintaining the tredibil deterrence is the quintes problem facing Germany the next few years as the powers edge towards a round of strategic arms. In December, the I Alliance decided in medium-range missiles Europe many of them

Germany but coupled the decision with the offer of arms control talks with Moscow. The Soviet Union promptly refused to start such talks as long as medium and the start such talks as long as medium and the start such talks as long as the start such talks medium-range weapons were due (the first will not be deployed until 1983) to be stationed in Europe. The Kremlin line was, it was assumed designed to strengthen

Problems more complicated than the answers

FOREIGN RELATIONS

JONATHAN CARR

West Germany's "Ostpolitik" in ruins? Is Bonn breaking Western Alliance ranks to intensify its links with the Soviet Union? Is its friendship with the U.S. seriously endangered?

These questions have all been posed-in the Federal Republic and ahroad—in these last diffi-cult months. The Bonn Government, which sets great store by
the "firmness and predictability" of its foreign policy
course, has naturally given
reassuring answers to each one.
But the situation has become more complex than either the questions or the answers imply.

Three examples help to show Earlier this month the East Germans sharply in-creased the entrance fees which West Germans and West Berliners have to pay to cross the border. Not only is the

marked reduction in visits to

East Germany from the West.

after a decade of Ostpolitik outcome if the situation in dilemma of the Ostpolitik. How during which these contacts had varied in the situation in dilemma of the Ostpolitik. How during which these contacts had varied in the severe strains between Bonn and East Berlin and pushes into an East Berlin and pushes into an Communist dictatorship has been a least they would hardly be the severe strains between Bonn and East Berlin and pushes into a Communist dictatorship has been a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when a Communist dictatorship has been a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when a lock the developed, with the believe endangers their vital when a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when a lock that the last decade when a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when a lock that the last decade when a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when a lock that the last decade when a Communist dictatorship has been a least they would hardly be they cannot afford to stand with the West against Moscow when the West against Moscow when the West against Moscow came to German Chancellor (with some from the West against Moscow when they cannot afford to stand with they can

influence of a further, major that each side had something the admiration for the workers and influence of Western visitors while other needed. That remains true fear for the achievements of a movement constitute in the newly independent labour —even now. movement continues its struggle in neighbouring Poland. Herr Schmidt had already lost a friend and leader he admired when Poland's Mr. Edward Gierek was toppled from power by the labour unrest. Now hopes of an intensification in East-West German relations have been dashed too. Worse, it is assumed that the East Germans would not have taken so drastic a step without the approval of the Soviet Union. Some voices are, therefore, suggesting not simply that the Ostpolitik has run into the ground but that a new Cold War is measure likely to mean a imminent.

Clearly that might yet be the

European allies on the other. that many Germans have Yet they have generally been watched the Polish events with overcome for the good reason deep and mixed feelings—

Benefits

For the West Germans the immediate benefits have lain in immediate benefits using greater trade, economic and human contacts, and the resettlement in the Federal Republic, and the settlement in the Federal Republic, and the resettlement in the Federal Republic, and the resettlement in the Federal Republic, and the resettlement in the Federal Republic, and the settlement in the set from the East. The much more distant aim is to help achieve so great a relaxation of tension in the Europe that the German people will be able to unite in free self-industry and technology has been important—in some cases been important—in some cases are industry so—in fulfilling key

of that aim is just around the corner, and the Polish events in No doubt the Russians toy with themselves underline the the idea that the Federal

believe endangers their vital when a Communist dictatorship the far distance a long-planned, and oft-postponed, meeting between Chancellor Helmut Schmidt and the East German leader. Herr Erich Honecker.

The West Germans have little doubt about why the new measures were taken. They elieve the East German authorites fear the de-stabilism.

The benefits from Ostpolitik for the East are a similar mixture of the concrete and the theoretical. East Germany has

crucially so—in fulfilling key elements of 'ts economic plans.

such an aim seems, judging by present attitudes, markedly less realistic than the that Herr Schmidt's Moscow German hope of unity.

Gesture

Not everyone would share that view—either in the West in general or in at least one currently influential part of the U.S. administration. Herr Schmidt's visit to Moscow on June 30 and July 1 for talks with the Soviet leader, Mr. Leonid Brezhnev, can easily be interpreted as a gesture which helped the Russians out of the international isolation caused by their invasion of Afghani-

During the same visit the signature (albeit at relatively low level) of a long-term Soviet-West German economic cooperation accord, gave many cause for unease. Were the Germans really going ahead with "business as usual" despite their decision to boycott Olympic Games Afghanistan as the U.S. had

seemed to demand it?

visit had relatively little to do with Afghanistan. It had a lot to do with the problem of intermediate - range nuclear missiles, those which can hit virtually all Western Europe direct from Russian territory. This balance of interests was not clear to everyone when the visit took place. However, Herr Schmidt could do precious little about Afghanistan in Moscow, beyond strongly and publicly condemn. ing the invasion, warning of the dangers for detente and urging that Russian troops be withdrawn. But he could—and did-bring progress on

The Soviet Union agreed to begin talks with the U.S. on the question, without insisting that a NATO decision of last December first be rescinded. Under that decision the Western Alliance agreed to produce intermediate-range nuclear misrequested? Have they become siles of its own, and to install

missiles issue.

the U.S. highly unwilling to do another on the missiles issue is The first part of the answer is so because of Afghanistan. Herr itself a novel one. It could Schmidt set out to break that almost certainly not have hapdeadlock—not because Afghani-stan did not matter but because European interests above all would be vitally affected by a further upward spiral of the nuclear missiles race. Of course, none of that means that the Soviet-U.S. talks will definitely result in agreement, but what could be done by Bonn and the Europeans on the issue has now been done.

> The second and economic part of the answer is that the West Germans are not, in general, vitally dependent on their Soviet and East European trade, although some industrial sectors would suffer considerably if a total embargo were imposed. For example, in 1970 only 5.8 per cent of West German mechanical engineering exports went to the Comecon country they selt to be the countries; in 1978 the proportion had exactly doubled. At 58 per cent chose the U.S.—present, the West Germans easily in the first place—folimport about 16 per cent of lowed by France with 14 per cent of lowed by France with 14 per cent of lowed by France with 14 per cent of lowed by France with 15 per cent of lowed by France with 1 their natural gas from the Soviet Union and, if a deal cur-rently under negotiation goes through, that proportion will rise to a maximum 30 per cent. If the Soviet gas were then interrupted — for whatever reason—the Germans would face a major problem, but not a catastrophic one given their energy "mix" and the diversity of their supply sources.

But that is not the crucial point here. The West German Government is pledged to support the embargo on high technology deliveries to the Soviet Union, imposed by the U.S. after the Afghanistan invasion. It is also ready to support an extension of the list of the Coordinating Committee on East-West Trade (COCOM), which lays down which sensitive Western products should not be exported to the Soviet Union for security reasons. But it is not ready to go beyond these pledges to bar exports of other products to Moscow, simply on the grounds that such action ment and win the approval of American public opinion.

That is the point at which political self-confidence. How- cumstances.

pened a decade ago and exempli-fies well how West Germany's international political influence has grown to match its economic

Foresight

The relative change in the political weight of the U.S. and West Germany has been a far more important source of diffi-culty between the two countries than any personal irritations hetween Herr Schmidt and President Jimmy Carter. It raises a whole array of new problems which demand much foresight and patience on both sides of the Atlantic.

A recent West German opinion poll makes the point well enough. Asked which country they felt to be the cent. Asked what was more im-portant for the future of the German people, good relations with the U.S. or with the Soviet Union, 63 per cent chose the former and only 12 per cent the latter, in 1954 when the poll-sters put the same question, 62 per cent had chosen Washington and 10 per cent Moscow.

So far so good. But the question was also asked whether the Federal Republic should wholly support Washington on foreign policy or decide in some cases to go its own way. Here 30 per cent spoke in favour of unqualified support whereas 56 per cent wanted a case-by-case decision.

The conclusion to be drawn from these results is surely not that the West Germans are becoming more anti-American, or pro-Russian—or even more neutral—but that they have become more pro-German (or perhaps more pro-European, the data is not sufficient to make this clear). There was a time when the Germans virtually had to accept whatever U.S. policy might please the U.S. Govern- demanded, grateful for American help in rebuilding their country and for the U.S. defence shield. They are still grateful, but that is a long way from Bonn draws the line and that offering unconditional support is one measure of a new German for American policy in all cir-

Added impetus

CONTINUED FROM PREVIOUS PAGE

the hands of those domestic 170 F-111 bombers stationed in opponents of the NATO deci-Britain and nuclear strike airsion in Belgium, Holland and craft on U.S. carriers in the Germany (where the Social Mediterranean. But what if the Democratic party congress, Russians want to include the after considerable soul search-submarine-based Poseidon war-

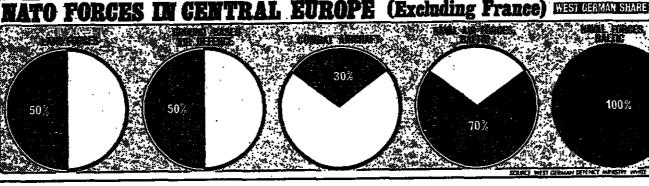
success in Belgium and Holland or the U.S. Phantoms based in but, as far as Germany is con-cerned, the invasion of Afghanistan has effectively quelled Soviet negotiating area to most murmurs of discontent include a variety of modern most murmurs of discontent. Moreover, when Chancellor Helmut Schmidt broke the ice surrounding the Soviet Union this summer he came back with the promise that Moscow would negotiate after all—providing the talks included forward-based systems.

This may prove to be one of talks: how are the forward- first drew public attention to and Moscow There is the based systems to be defined? these medium range "grey problem, too, of what forum is as long as lon the sticking points in the coming

anne

lions

ing, approved the NATO move). heads (actually already counted This has had a degree of in the unratified SALT 2 treaty) Europe? The U.S. would then, no doubt, want to broaden the Soviet aircraft capable of hitting Western Europe. The list could expand almost endlessly and in the interim the Soviet Union could continue to place more and more SS-20s missiles in Western Russia so that the imbalance in favour of Moscow would rise disturbingly.



took over six years to negotiate. ratified—a fact that is bitterly through his line with the aid success or otherwise of talk with How long would it take to reach regretted in Bonn. Can there of the FDP. This is partly Moscow. This is of real cona medium-range missile agree- be a SALT 3 without a SALT 2? ment, beset as it is with defini-

Chancellor Schmidt's election

tions problems right from the victory—or rather the astonish-beginning? victory—or rather the astonish-ingly good result of Herr But the immediate problem Schmidt's Liberal Coalition bothering the Chancellor and partner, the Free Democrats-Herr Apel is how to build an should strengthen his hand efficient form of consultation within the SPD. The intense into the forthcoming arms conopposition to the new NATO For Chancellor Schmidt, who trol talks between Washington arms decision experienced last

because of his own obviously sincere wish to get talks started with Moscow and also because of Soviet action themselves.

But one worry will be if the smaller Allies, disillusioned by the slow progress on arms control talks, decide not to station nuclear weapons on their soil

cern to Germany because it has firmly pledged that it will not be the only continental European country to have the new weapons on its territory.

As the prospects for the arms talks become clear over the coming 12 months—will they become bogged down from the the new generation of theatre word "go"?-so will Germany's evolving relationship with its European NATO allies. Bonn may well find itself growing more assertive, if only to ensure that it does not become isolated within the Alliance.

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workers had lost their self-

The age structure of the 105 executive board members at the head of Germany's 17 main unions: 9 are younger than 40

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14 - 22 March

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1 - 4 June LASER 81 OPTO-ELEKTRONIK 5th International Congress and Trade Fair

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ISPO — Autumn — 15th International Sports Equipment Fair

17 - 20 September
INTERMONTEC — Equipment for Alpine Sports, Leisure
Activities and Tourism — 6th International Trade **Exhibition with Conferences**

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Immigrant population at record level

FOREIGN LABOUR KEYIN DONE

THE SIZE of the Federal has this year reached a new halted as long ago as 1973.

Between 1974 and 1977 the total foreign population did de-cline slightly by around 180,000, but in the last two years it has beaded up again to a record level. In periods when the economy has been expanding strongly, such numbers have been relatively easily assimilated, but there are now growing fears in West Germany that if unemployment problems start to grow the first to be hit will be the foreign workers.

They have long been re-sarded by many as a "reserve labour force" that could be employed in times of boom and more easily laid off when the economy started to run out of steam. More and more the authorities are realising, however, that this temporary workforce is taking on all the appearances of becoming a permanent presence in the Federal Republic. Dr. Josef Stingl, president of

the Federal Employment Office. warned recently that foreign workers could find themselves forming a new unskilled labouring class in the Federal Re-public. "They are not necessarily the unemployed of tomorrow, but perhaps the proletariat of tomorrow. That is a sweeping remark, but I really do see this danger. They would

The scope of the difficulties facing the authorities is more complex, however, than just the problems of the labour market. he arival of more and more foreign families coming to join husbands already working here combined with the birth of a generation of foreign workers'

children, whose only direct workers but precisely as family knowledge of their home coundependents. try comes from their parents' descriptions, promises to set formidable problems of social

The latest wave of would-be immigrants has occurred as a result of West Germany's very liberal political asylum laws. In Republic's foreign population the last two years there has been a surge of people from Turkey peak of 4.14m, despite the fact and a string of third world that the large-scale recruitment countries. Eritrea. Somalia, of foreign workers (gastar- Afghanistan, Pakistan and India, beiter) to help fill employment turning up at German airports gaps in the booming West and border points claiming to German economy was officially be the victims of political repression According to the Basic Law of the Federal Republic, such people cannot be simply turned away: their petitions must be given a proper court

Overwhelmed

- hearing,

The sudden flood of such "economic refugees" over-whelmed the established tribunal system with the result that cases were taking up to three or four years to be heard. During this period applicants were free to stay, under certain conditions, in Germany. The entry system has been tightened up in recent months and the flow of would-be "political refugees" has slowed considerably as a result, but the flasco of the summer months has clearly been disturbing.

Today, one in every 15 in the population of the Federal Republic is non-German, and the length of stay of most foreigners more than half have now been in West Germany for more than eight years-suggests that many have settled in the country for the long-term and are unlikely to return to their homelands.

A study published recently by the German Institute for Economic Research shows too that foreign workers from particular nationalities are sending less money back to their countries be employed as temporary wor- of origin than was the case some the movements acc kers and then laid off again at years ago, suggesting that family by family members. members are more often being brought to Germany to live.

The birth rate among the than 50 per cent higher than nationalities in among the native German popu-

Back in 1972 some 65 per cent of the foreign population were in employment, but with the growing number of wives and children present the proportion has fallen to only 49 per cent, much closer to the average for the whole German population of 43 per cent. The size of money transfers has been falling, particularly from the Turkish population. In 1972 the Turks were sending more money home than any other nationality, around DM 4,700 per worker.

By last year the Turks' transaverage of little more than population. DM 3,000 per worker, a figure group among easily surpassed by the Spaniards, Greeks and Yugoslavs in Germany who are still remitting sums from DM 4,200 to DM 5,000.

Total foreign worker payments out of Germany last year amounted to DM 6.4bn, according to estimates made by the Bundesbank, the West German Central Bank, and are an important contributor to the negative side of the Federal Republic's growing deficit on the current account of the balance of payments.

There has been, too, a sharp turn-round in the balance of migration to and from Ger-Since 1978 more foreigners have been coming to Germany than have been leaving, a development brought about chiefly by movements of the Turkish and Italian populations. Among the Italians travelling to and from Germany many were simply taking advantage of the freedom labour movement granted by membership of the European Community and were coming to the Federal Republic specific

ally to find work. Among the Turks, however, very different picture emerges, with the majority of of origin than was the case some the movements accounted for

What is disturbing for the German authorities is that in many cities the concentration foreign population is also more of foreigners and of single neighbourhoods of the larger lation, although it has fallen cities is threatening to create sharply, and an increasing pro- permanent ghettos, which can portion of foreigners in West only hinder the process of inte-Germany are present not as gration.

It is seen clearly in a city such as Frankfurt, which has the highest conecentration of foreigners of any of the larger German cities. In Frankfurt every fourth person is non-German, but in some areas of the city, particularly around the main station and between the station and west port, virtual foreign ghettos have been formed where the proportion of foreign residents has already passed the 70 per cent mark.

The problem becomes most acute, however, in the schools. The city has more than 30,000 foreign children, representing fer payments had fallen to an about 23 per cent of the foreign group among the city's German inhabitants accounts for only about 13 per cent.

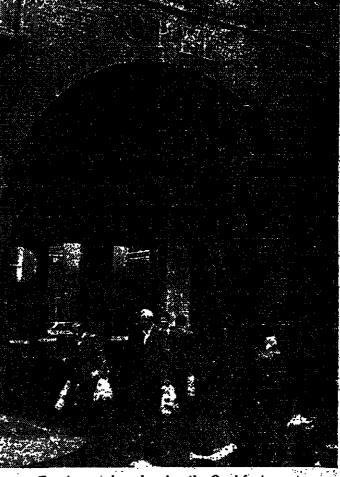
The result is that some schools in the city have classes of more than 30, in which only a couple of the punils are Ger mans. Teachers are confronted with classes where the children have nine or 10 different languages, and the city estimates that across the city more than 40 per cent of the children starting infents school will soon be non-German.

The danger that Germany is facing for the future is that it will create a large group of denied the rights of full citizenship, severely disadvantaged in terms of education and training, for whom only he most unattracjobs in German society are available. The resentment that such conditions can arouse over the years and the danger of alienation clearly provide a fertile breeding ground for future discontent.

The majority of foreign workers have usually found themselves in jobs where there is an above average chance of being made redundant.

Foreigners have also found themselves mainly employed in sectors that are very sensitive changes in the overall state Conversely, of course, some of these industrial sectors could barely function without their foreign workers.

At a company like Ruhrkohle, West Germany's main coal worker and his family, and mining group, more than 15 per cent of the workforce are foreigners, but at some of its foreigners to work underground rather easier for young people training.



Foreign workers leaving the Opel factory at Russelsheim

at the coal-face. Some 12 per who have grown up in Germany cent of the country's construc- and have done most of their

turing industry. For many years the authorities' policies towards foreign workers were clearly hostile towards making it possible for them to settle long-term in the of the economy. More than 60 Federal Republic to live and per cent of the foreign workers work. The regulations have are employed in manufacturing been eased somewhat, however, industry and another 10 per cent since 1978, although permission in the construction industry. to stay indefinitely still hinges on several factors such as the length of time already worked consistently, knowledge of the German language, adequate living accommodation for the whether children of school-age

total labour force of manufac-

school. pits the company is almost Conditions for future full dependent on citizenship are being made

have actually been sent to

tion workforce consists of schooling there. foreign labour, and foreigners

As the report from the also make up 13 per cent of the German Institute for Economic Research makes clear, the political will to foster the integration of the foreign populations is now being expressed, but the facts hardly correspond yet to the hopes. "The situation today is characterised rather by the formation of ghettos, by under-privilege, and in part by a lack of willingness on the part of both Germans and foreigners to integrate."

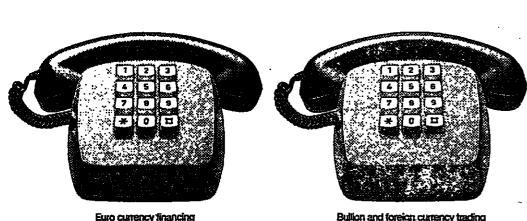
It is especially the young foreigners who find themselves caught between two cultures. and they are often further handicapped by lack of education. Some 20 per cent are not attending school regularly, 60 per cent do not gain their school-leaving certificate, and 50 per cent do not go through obligatory

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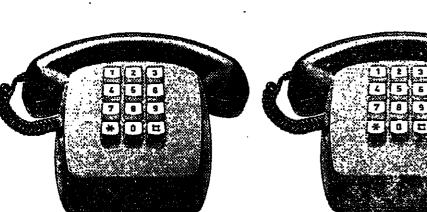


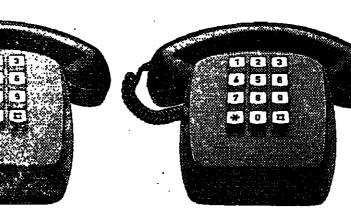






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Leaders urged to take a more aggressive stance

UNIONS

ROGER BOYES

THE FINELY-TUNED relationship between West Germany's trade union movement and the country's employers has come in for a battering over the past year, as both sides jostle for more bargaining power before this winter's tough wage

bitterly over the maintenance of strict workers' co-determination rules in steel companies and over the use of the lock-out agginst striking workers. The coalition partners the Social Democrats and the Free Democrats, leading to an embarras-sing pre-election conflict. In the event, the issue was put on ice until after the elections, taking some of the sting out of the row.

But it would be misplaced to dismiss the latest turnoil in labour relations as simply a piece of election campaigning theatre. There are profound changes taking place in the structure of the German union movement which go far beyond party political haggling or wage round bombast In the first place there is

growing pressure on the aging

leadership of the country's major unions to move away from their traditional consensual approach to a more aggresmonth at the annual congresses of the IG Metal Workers' Union—the largest union in the Western world—at the IG Chemical Workers' Union and the smaller but influential Bank and Insurance Workers' Union. Repeatedly the criticism was heard that the union leadership had grown soft partly because of years of Social Democrat-Free Democrat rule. The union's natural leanings towards the SPD means, claimed the union critics, that the leadership had muffled their wage claims in the "national interest," ignoring the interests

of their representatives. These criticisms have considerable substance—last year IG Metall, which usually sets the pace for the rest of the union movement, put in claims for some 10 per cent but ended up settling for between 6 and 7 per cent and the rest of the country

followed suit. The union leadership appeared to have accepted the employers' argument that German labour costs were among the highest in the world and that further wage burdens would lead to a fall in employ-

only a limited appeal for the grassroots membership who have seen their fuel bills soar, Regional activists called on the to the radicals within the union leadership—especially in unions that no concessions will IG Metall—to press for a special "fuel supplement" in negotiation round. special "fuel supplement" in Both sides have been arguing addition to the normal wage increase. However, the union leaders, after consulting with the Bonn Government, rejected

these appeals. Not surprisingly then, disagginst stricting workers. The co-determination row has also illusion with the union leader-unearthed deep divisions between the two Government the rank-and-file. The old coalition partners the Social generation of leaders—Herr Eugen Loderer of IG Metall and Herr Karl Hauenschild of IG Chemie—have made it clear that they have entered on their last terms of office.

These men helped to estab and coal companies. lish the re-constituted union movement after the war, were involved in the early implementation of the worker in the boardroom legislation and are close to politicians like Herr Herbert Webner, floor leader of the SPD, who were active when created.

Critical

They are essentially men of consensus, while the up and coming generation, best symbolised by Herr Franz Stein-kuehler, the combative regional sive stance. This emerged last union chief in IG Metall's Baden Wuerttemberg district, have sharply critical positions towards the Government and the employers.

Herr Steinkuehler, for example, has been pressing the IG Metall leadership to end the "pilot region" way of settling wage conflicts. The pilot scheme effectively means that the first IG Metall district to settle with its regional employers sets the guidelines for most other negotiating districts. But as

strongly influences the decision of the first district, settlements almost always end up as moderate wage increases.

the central leadership often

The unions' particularly tough line on workers co-determination (Mitbestimmung) has to be seen in this context. The union But this line of reasoning had leaders-many of whom were involved in implementing the first 1951 law in coal and steel concerns—are auxious to prove be made to the employers. This does not of course point to a quick solution of an extremely complex and controversial issue. The root of the current dispute is the plan of the Mannesmann concern to merge its steel

and pipes divisions and thus save, it says, some DM 50m a year through rationalisation. The problem is that such a merger would free Mannesmann from having to comply with the 1951 co-determination law which provides for strict parity between labour and capital on the supervisory boards of steel The move would instead put

Mannesmann under the juris-diction of a far more flexible 1976 law which provides: for Mitbestimmung in all companies (except coal and steel concerns) that employ more than 2,000 people. This also gives workers the Federal Republic was parity but gives the casting vote to a representative of the shareholders and provides that at least one representative of management has to be included

in the workers' delegation. The unions were never happy with the 1976 law and fear that as a consequence of the Mannesmann move it will be easier for steel companies, for example, to

reduce their workforces, But underpinning the union case are both tactical and symbolic considerations. The symbolic aspects is that the Mitbestimmung regulations were the first real test of uniqu strength in post-war Germany, the first real victory for Organised labour at a time when

> CONTINUED ON NEXT PAGE

WEST GERMANY'S AGEING UNION LEADERSHIP

22 are between 41 and 50 years 71 are between 51 and 60 years 3 are older than 60

Minage Mander Come

Key factor in the nation's economic development

TECHNOLOGY

ROGER BOYES

ONE OF the more noticeable ideological gulfs in the new Social Democrat/Free Democrat Government centres on the German economy's ability to respond to shifting market demand by quick inpoperations. demand by quick innovations. How far should the State help companies to research and develop new products and thus make them more internationally competitive in troubled times?

The views of Count Otto Lambsdorff, the Economics Minister, have been known for some time and indeed are etched on the hearts of his Liberal Free Democrat Parliamentarians. "Market forces," he said recently, "are not as blind to the future as some people would have us believe." "Some people," almost certainly embraces his Cabinet colleague,

Dr. Volke Hauff, the Research and Technology Minister. A left-inclined Social Democrat, believes that businesses should be financially sided and encouraged to innovate by the State, especially during an economic slowdown. Employment levels have to be main-tained along with competitive-

The conflict is not as stark as it at first seems. Both Ministers igree that German exporters are facing hard competition (German productivity is strong but the combination of high wage and raw material costs, plus social benefits, has seriously burdened small businesses) and cheap imports are increasingly penetrating traditionally strong German industries (optics, cars) which have not reacted swiftly enough to changes in demand. Both Ministers agree that companies' ability to introduce and adapt new technology will be one of the key factors in the economic development of the

Innovation

The dispute, or rather is whether the Ministry is really focusing enough on technological innovation or whether it is issuing tacit forms of subsidy to prop up old industrial structures. The Economics Ministry is not opposed to the use of five of the largest R and D subsidy, but it distinguishes spenders. In terms of increased good " those used to modernise and rationalise — and "bad" subsidies-those aimed simply at maintaining capacity in industries that are stuck in the middle of structural crises (steel, for example).

A clear case in point was the granting this year of over partly from the Provincial State

steel company, to help finance new plant. Critics of the Research Ministry, including rivals of Hoesch complained that Hoesch should actually have modernised several years ago and financed the changes itself (just as other steel com-panies had). The Research Ministry was thus distorting internal competition on the steel market, it was claimed.

If the pre-Election Christian Democratic arguments are to be Ministry has thus become a form of creeping Socialism. quietly pushing forward the State's influence over industry. However, the figures give a rather different picture.

The Research Ministry's proposed spending this year is DM 6.17bn (up 11 per cent on 1979) and about 45 per cent of this has been allocated to support scientific institutions, both at home and abroad. That leaves about DM 3.3bn for research and development projects, about DM 2.3bn of which goes towards German

Of course DM 2.3bn is a substantial sum but it has to be compared with the R and D sums drawn from private industry. Thus Siemens, the such as the machine tool electrical group, spent DM 2.7bn industry, with margins squeezed R and D—90 per cent self- at home and hit by Japanese

R and D in West Germany: Where the State can play a

role—and all sections of the Government are agreed on this —is to help the R and D budgets of smaller businesses. The Research Ministry simply does not have the funds to create a "silicon valley" (on the U.S. model) dedicated to the forindustry and thus has to rely on companies like Siemens, drawing their own conclusions about their commercial future, to finance their own R and D. But smaller businesses, which have a good record for technological innovation, are the ones that cannot adequately keep their R and D budgets buoyant during recession. R and D personnel are among the first to be cut;

Exceptions

There are, of course, exceptions to this rule and in general even small businesses engaged in the two main science-based tronics-keep their R and D programme up to strength. But it is traditional export earners

research programmes among the first to be curtailed.

GOVERNMENT RESEARCH AND DEVELOPMENT SUPPORT FOR GERMAN BUSINESS

		.,,		<u> </u>	
Direct assistance	1976 1500	1977 1600	1978 1960	1979 2200	1980 2300
Indirect assistance	106	153	139	474	620

financed-in 1978-79. Altogether competition on third markets, more than DM 21bn was spent that are the natural targets for on research and development in the West German business sector last year, with the money being drawn overwhelmingly from the resources of private

At first sight, a breakdown of this spending seems to support Count Lambsdorff's contentions that following market forces does not necessarily mean ignoring the future. Thus, the German according to Science Foundation, the seven fastest growing industries between 1970 and 1976 included sales growth, the list was headed by the chemicals sector (which spent 4.7 per cent of its turnover on R and D), the car industry (5.7 per cent), instrument manufacture and optics (4.9 per cent), engineer-DM 200m in soft loans—partly which is almost entirely depen-from the Research Ministry, dent on State funds for its which is almost entirely depen-

state R and D support.

Yet for a number of reasons Research Ministry aid to small businesses has not been applied very effectively over the past years. Dr. Hauff points out that the amount of his budget allocated to small busis has gone up from DM 96m in 1972 to DM 820m this year but, even so, many business very critical about the delays and methods involved.

The major criticism has been of the cumbersome bureaucracy of the Ministry and other Government bodies. preneurs who could have put restrictive as far as financing two years are claiming that they is concerned. often have to wait for four years But the expense and fosters the notion sion are actually more likely to solution could lead

response to changing demand and the ability to capitalise on

new ideas.

The crude facts are that it is simpler to administer a single with a large concern that already has an R and D infrastructure than to monitor 150 projects worth DM 200,000 each. This steers towards a situation whereby larger companies become skilled at applying for hefty research sums while smaller concerns are deterred from doing so.

The inevitable consequence of all this is that innovation is stifled. According to a finance specialist in the CDU, Dr. Lutz Stavenhagen, "Companies tend to settle for projects which they know will be approved today by the bureaucrats rather than what the market will actually

want tomorrow."
Research Ministry maintain that their assistance is intended only as a pointer to-wards the type of industrial R and D that it thinks desirable -towards energy alternatives, aircraft technology, data process sing. The problem, they say is not philosophical or strategic but rather financial. If it had double its resources for in-dustrial R and D it would be able to meet most needs of the

economy.

Yet there are a number of indications that Germany is beginning to lag behind other Western countries in terms of technological innovation. One measure of this trend is the amount of licences and patents that are sold and bought by Germany. Recent figures issued by the Bundesbank, the Central Bank, show that Germany is in deficit as far as licence transactions are concerned; that is, in more know-how than they are selling. Most licences and patents were bought in the U.S. Switzerland and Holland, with chemical companies and electrical engineering companies buying the most. Most exported know-how - as expressed in sales of licences - went to the U.S., Japan, Italy, France and developing countries.

The State is only one cog in the R and D machine and it is clearly unfair to blame it too heavily for slow innovation. The banks, for example, once the traditional source of risk Entre- capital, are becoming their product on the market in new technological developments

should the State intervene more tees which have to investigate actively to encourage technical claims for Government help.

The delay leads to added simply self-defeating? It is unlikely that the new Coalition ing (3 per cent) and the electhat it is cheaper to go ahead Government will try to provide trical-electronics sector (6.4 per without State aid. But comdefinitive answers but the cent). Including aerospace—panies stuck deep in the recessearch for even a pragmatic dent on State funds for its abandon the idea altogether. Interesting tug-of-war between R and D budget—these five The Federation of Young Entresectors are responsible for over preneurs (BJU), an industrial years.

Different

For a company to evade the 1951 law, hits at the achievements of the current union leadership and thus undermines their position vis-a-vistheir much younger, much more radical membership The second union considera-

tion in the Mannesmann row has been the need to maintain a strong wage negotiating front as the German economy begins to slow. Worker participation at supervisory board level generally helps in the formulation of wage claims—information about the state of a company percolates through to the union machine via the

worker directors. Worker directors are also in a good position to keep an eye on the possibilities offered by fringe benefits, an increasingly important item in the overall

The unions have proposed a number of possible schemes to Mannesmann that would allow the group to have DM 50m without having to push through a full scale merger. Mannesmann has so far rejected these ideas and will discuss the issue during its supervisory board meeting on November 21.

One possible solution surprisingly favoured by the Christian Democratic opposition leaders are on the defensive. —is that Mannesmann become determination law passed in 1956. This provides for strict in favour of their right to use parity in steel concerns but the lock-out. gives shareholders a slight edge The current union leadership in the board room.

A revision of the 1956 law employers and from within its would have to be passed if own ranks. Little wonder then Mannesmann were to fit com-fortably within its framework. cautious breed, careful that the However unions are deeply suspicious of this solution and there is still a great deal of horse-trading ahead.

The Mannesmann row, coming as it did only weeks before the Government and at the moment elections, provided the SPD the union leaders need every with an opportunity to reaffirm friend they can get.

confidence after over a decade its strong links with the union movement. The rallying call of the SPD was that the strict workers parity laws have to stay intact—and the policy clearly paid dividends. In 1976, 57.8 per cent of union members voted for the SPD and all the signs are that this support was maintained in this year's elections.

Implications

There is a school of thought which suggests that the union leadership is fighting the wrong war. While it is clearly important to have a say in companies stuck in the middle of structural crises-steel and shipbuildingit is surely even more important that the unions secure a hold in rapid growth industries

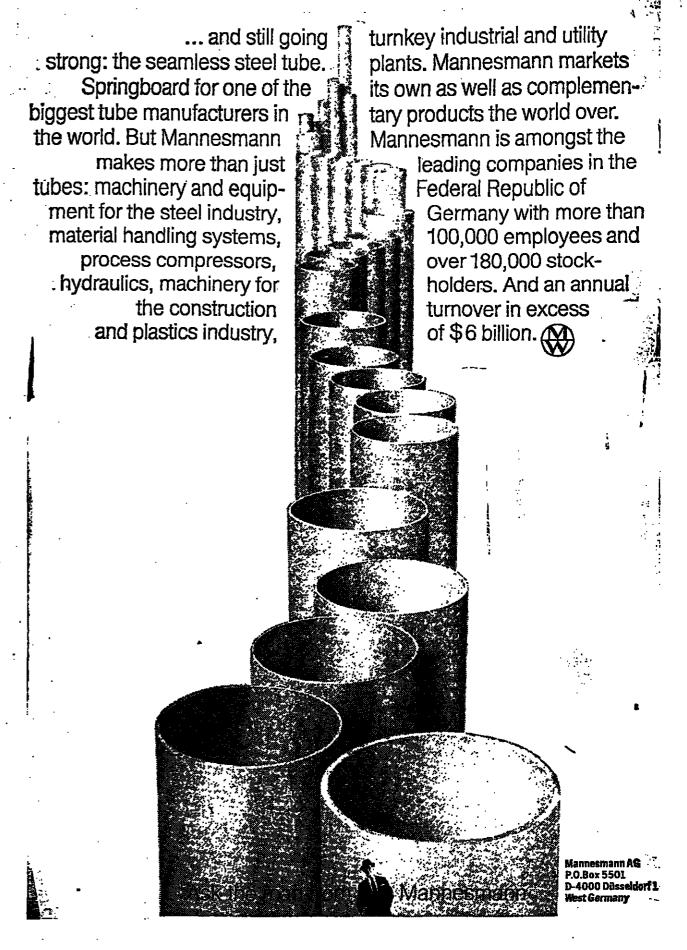
Such a course would help unions to steer the course of wage settlements to an acceptable level, it is argued. fledgling industries from the beginning, helping to chart strategy and watching carefully the implications for unemployment.

Instead, say critics within IG Metall, the leadership is reliving the past, hanging on to past legislation rather than pressing for new laws.

That is a convincing line of argument, but it is equally understandable why the union The employers for example liable to yet another co- have this year won a case in the Federal Labour Court ruling

> is thus under siege from the cautious breed, careful that the country's economic limits are not exceeded in wage claims. The alternative—a more aggres-sive approach—would probably allenate the Social Democratic

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Domestic answers to heavy dependence on imports

ENERGY

KEVIN DONE

WEST GERMANY is dependent for as much as two-thirds of its energy needs on imports and is therefore highly vulnerable to events in world energy mar-kets, particularly the world oil market. Last year, for the first time since 1965, the Federal Republic ran up a deficit on its current account of the balance of payments of some DM 10bn and the chief reason for the shortfall was the huge rise in the size of the country's

In 1980, the price of crude oil has risen further and with it the size of the current account eficit to an estimated DM 30bn. Nearly half of the country's energy needs are met by oil alone and with more than a doubling of the price of crude oil in the last two years the Federal Government in Bonn and the Bundesbank, the West German Central Bank in Frank-German Central Bank in Frankfurt, have found that the economic burdens placed on the country by the magnitude of the oil bill are suddenly playing an important role in under-mining their freedom of manageuvre to steer the Federal Republic's monetary policies.

The Government's response has been to try to organise an energy policy is to try to re-energy policy that has as its duce the rate at which energy theme the slogan "Away from Oil," but it can hardly be said to have had any startling successes. Last year the Federal reached a new peak, exceeding

result of lower general economic in the economy.
activity and kinder weather con-

year means that Germany will have no problem improv-ing on its target of importing no more than 143m tonnes of crude in 1980. In the first half of the year total energy use was down by three per cent, nearly all of which was due to falling oil consumption, which dropped by no less than 8 per cent.

in oil use was the much milder winter, which brought a 14 per cent fall in heating oil consumption in the first six months of 1980 against the corresponding period of 1979. The Federal Economics Ministry also claims that energy-saving measures do appear to have had some impact on the industrial use of heavy heating oil, which fell by 12 per cent in the first six months of the year. Officials say there are two main factors at work: industry is investing more in fuel-saving machinery, and at the same time switching to coal and gas-based processes.

Reduction

In the coming years the main goal of the Federal Republic's consumption grows in line with In the years from 1960 to 1973 primary energy consumption grew at the same rate as West

Government-induced oil saving energy was again substantially handle and much can now only levels.

Towaresult of lower general economic in the economy.

Towaresult of lower general economic in the economy.

Apart from using this measurement of the efficiency to more forms of energy other

At present West Germany relies on crude oil to provide no less than 50.7 per cent (1979 figures) of its primary energy, while other fuels play a decidedly more modest role. Last year, hard coal provided 18.6 per cent of the country's energy requirements, brown coal 9.3 per cent, natural gas 16 per cent, hydro power 1.4 per cent and

the country's primary energy requirements, the highest point it has ever reached.

two years from the effects of 100m tonnes by the year 2000. rising oil prices, West Germany Capital expenditure of around has managed largely to smooth DM 8bn will be needed to over most threats to its physical establish the extra production oil supplies and at the same time has done much to move its Germany's dominant coal pro-dependence away from some ducer, estimates that a further dependence away from some ducer, estimates that a further suppliers in OPEC to suppliers DM 35n will have to be spent closer to home, such as the UK and Norway.

Germany's dominant coal production production in production production production may

West Germany has a small production, but it is only enough

of 1973. It is true that this year relationship did improve but the of the country's oil requireoil use has actually started to Government must be concerned ments, and there is little chance tonnes, which would give coal in restraining energy consumpfall again, but it is difficult to show how much this is due to growth in demand for primary crude is heavy and difficult to 270 years at current output.

The State is activaly involved.

The much slower economic growth in the second half of expressed the desire to move requirements, but again there is little possibility of any signithan oil to fuel future economic ficant increase in domestic pro-

> energy resource, coal, but this is extremely expensive to produce and it can only be kept competitive with imported coal and other forms of energy such as fuel oil and gas through a massive programme of Govern-ment subsidies. Last year state help to the coal industry total-

gramme underway, the Federal has ever reached. Republic is hoping to boost coal
Despite suffering in the last output to a level of around capacity and Ruhrkohle, West Domestic coal production may

Towards the end of the century, coal could also be making Domestic natural gas produc-tion is more successful, meeting ing oil and gas demand if the some 34 per cent of German Government is successful in its aims of promoting coal lique-faction and gasticcation technology. Feasibility studies for duction.

Domestically West Germany
has only one really important
energy requires and but this of the year and plans for the The country is facing some of first coal liquefication plants its most searching questions, will follow about nine months however, in the area of elec-

Line use or oil has risen in 1978, and this year it could prove to be even higher. The concerned at the prospects of twest German energy required more modest share of 0.1 per cent) having to meet an ever-growing more modest share of 0.1 per cent) having to meet an ever-growing forms of support from direct grant aid to equity participation, but much of the effort of construction, while 16,797 MW is in the country's primary energy requirements, the highest point.

With a major investment to the country is primary energy requirements, the highest point. programme that is being spon-

The Federal Government has 14 potential coal-refining pro-jects under consideration, but it has warned that the plants will make very little difference to the country's overall energy supply position. Oil and gas products derived from coal will be available to meet only about 3 per cent of oil and gas demand

One of the basic tenets of Bonn's energy policy to date has been that state involvement West Germany has a small be expensive, but it is the only should be kept to a minimum amount of domestic crude oil energy resource available in and that structural changes abundant quantities and the should be brought about market even the previous record year duct. From 1973 to 1979 the to meet just under 5 per cent Federal Republic's coal reserves forces. Price, for instance, is

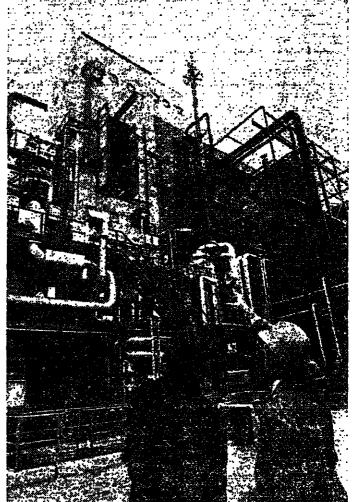
however, in subsidising various forms of energy, especially coal, and in promoting research and development work. Last year alone it spent as much as DM 9-50n on measures related to energy, 67 per cent went on subsidising coal production, 21 per cent on energy research projects and 9 per cent on encouraging ing energy saving.

however, in the area of elec-tricity supply and the future development of nuclear power. Support

Last year nuclear power stations

The plants form part of an ambitious DM13bn coal-refining generation, but the delays in building new power stations—coal as well as nuclear—has led

energy in the Federal Republic has also been bedevilled by the inability of the authorities to push through a practical pronuclear waste and the re-pro-cessing of spent fuel elements. There is also concern that the delays and hesitation over implementing a more far-reach-ing nuclear programme will permanently damage Germany's power station building industry, with the result that it will be unable to keep abreast of the



The pilot coal gasification plant at Dorsten, in the Ruhr; part of the Federal Government's feasibility study on replacing some of the demand for oil and gas with contributions from coal

R STRENGTH-A BROAD BASE

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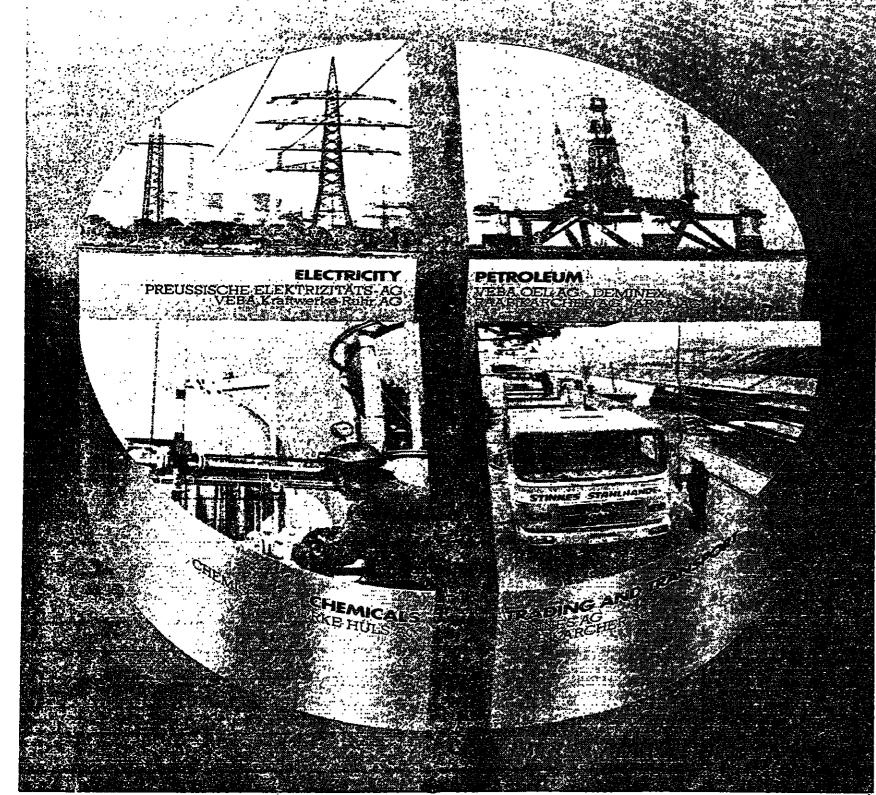
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Russian deal would boost supplies

KEVIN DONE

MOSCOW'S DECISION to open formal negotiations with a West German-led consortium of European gas companies on a massive new natural gas project between the USSR and Western Europe signals a further major step in the development of West Germany's already overwhelming dependence on imported energy. But it also represents one of the single most important boosts given to West German energy supplies for the late

making only slow progress in its policy of cutting back the Federal Republic's oil consumption through the increased use of coal and, to a lesser extent, nuclear power, imported natural gas has offered itself as an invaluable alternative. One of the most positive results of Chancellor Helmut Schmidt's visit to Moscow earlier this year was to open the way to formal negotiations on a new gas contract with the USSR, a project that could prove to be the biggest business deal ever reached between Eastern and

Western Europe, West Germany had been counting on boosting its natural gas supplies in the mid-1980s through the start of deliveries of gas from Iran and Algeria, but these hopes have received nasty blows in recent months through the revoluction in Tehran and substantial changes

of policy in Algiers. Alternatives

The rapid pace with which talks between the USSR and Western companies have developed since July are the most optimistic sign to date that alternative supplies could be available to fill the gap left natural gas sources, and it has by Iran and Algeria. The conplayed a leading tole in most of tract with Iran was signed as long ago as 1975, when the then ply deals. government of the Shah agreed through the National Iranian Gas Company to supply some 11bn cubic metres of gas a year to the Federal Republic, with deliveries beginning next year. Additional supplies were to have flowed to France and Austria with the gas being pumped across the Soviet Union by pipeline, but the project has been on ice since the end of 1978.

The quantities that were to have come from Algeria to West Germany were even larger. A number of customers banks. had lined up to take Algerian liquefied natural gas (LNG) including Ruhrgas, the leader of the Western consortium in the talks with Moscow, Salz-gitter and Thyssen Gas, BEB. a joint affiliate of Shell and Exxon. Deutsche BP, the West German subsidiary of British Petroleum and Gasunie of Holland. Some of this list had completed all formal negotia-tions and had signed a definitive supply agreement with Algeria, which was to have supplied 17bn cubic metres of LNG a year by tanker.

Work had even begun on the 1980s is Norway.

ahead with the project. Under the new project with Russia, Moscow has signalled its readiness to step into the breach by developing fields in western Siberia from which Western Europe could eventually draw as much as 40bn cubic metres of natural gas a year. More than a quarter of that would go to the Federal Republic.

Under arrangements already in force, the Soviet Union last year supplied West Germany with 10bn cubic metres, while another 11bn cubic metres went to Italy, Austria and France through the extensive European gas trunkline transmission system. The much higher level of supplies that is now being talked of would require an entirely new pipeline running some 2,800-3,100 miles and the entire project could cost as much as DM 15bn-DM 20bn.

Despite the strained state of relations between Moscow and the West following the Soviet invasion of Afghanistan, the Federal Government has shown little sign that it is reluctant to have to rely even more on Russian sources of energy to help fuel the West German economy. The Bonn Cabinet decided earlier this year that the Soviet share of German gas supplies could be allowed expand from the present 16 per cent to an ultimate 30 per cent. The key roles in the deal itself will be played by two West German companies — Ruhrgas

and Mannesmann - together with the Deutsche Bank, the largest bank in the Federal Republic. Ruhrgas. West Germany's leading gas importer and distributor has been striving over the last few years as a major priority to diversify its the large Continental gas sup-

Mannesmann, on the other hand, is likely to be chiefly responsible for the supply of the large diameter pipes and the compressor stations en route that will pump the gas to the West Supplementary pipe work could be won by other West German steel and mechanical engineering groups such as Salzgitter and Hoesch. Deutsche Bank appears to have emerged as the co-ordinator of the DM 20bn credit, heading a financing consortium of more than West German and foreign

One German company. Deutsche BP, has also held separate discussions with Moscow on a similar sort of gas deal, but it appears that it has given up its independent approach and will eventually be offered a stake in the main connection. sortium. Also in the group negotiating with the Soviet Union from West Germany are Thyssen Gas, Salzgitter and

The one other country that could emerge as a much larger the gas fields and supplier of natural gas to the Federal Republic in the late little time to spare.

engineering plans for a regasification plant at Wilhelmshaven on the West German
North Sea coast, when the
Algerians finally announced northern Germany, since 1977 and Albuskjell fields were added in 1979 and by last year gas from the North Sea-chiefly from Norway but also, to a small extent, from Holland-was meeting 15 per cent o. German natural gas consump

> The Norwegian gas deliveries to the Federal Republic amoun to some 10bn cubic metres : year at present, but a move i: expected in the Norwegian Par liament next year which could make available another 20bi cubic metres a year. A con sortium of German gas im porters, together with allier companies in the Netherlands Belgium and France, is pushing for that gas, but this time the have competition in the shape of British Gas. The next stage of Norwegian gas developmen must decide how best to con struct a gas gathering pipeline scheme to pick up gas from a number of small fields, but Oslo is yet to say where the pipeline system will come ashore.

Jig-saw

West German gas companies working in close co-operation with other Continental sa: operators, have built an impres sive network of gas distribution trunk lines across Europe; fron the Norwegian North Sea to the Mediterranean in one axis, and from the Czechoslovak border to the French Atlantic coast or the other.

The latest part of the jig-sav puzzie that has been fitted into place by a consortium of Ruhrgas, OMV of Austria and Gaz de France, is an extra line running for some 150 mile. across northern Austria from the Czechoslovak border and then another 400 miles acros. southern Germany to the French border. Because of its central position in Western Europe, West Germany tends to act as the pivot of the entirsystem.

Last year natural gas pro vided some 17 per cept of Wes: European primary energy con sumption. West Germany itself as the single largest customer on the Continent, is still pursu ing the hope that last year's ga: supplies of 60bn cubic metres enough to meet 16 per cent of its primary energy needs, can be expanded to more than 83br cubic metres a year by 1990 enough to meet 18 per cent o. primary energy consumption.

At present around 34 per cen of its natural gas consumption comes from its own onshore fields, chiefly in Lower Saxony but the chances of increasing output there is remote, so all the increase will have to come from higher foreign supplies. If the goal of meeting 18 per cent o primary energy consumption is to be reached, however, there will have to be early agreemen with either the USSR of Norway. It will take at leas four to five years to develop the gas fields and build the transmission system, so there u

WEST GERMANY IX

Bonn belies tight-fisted reputation

STATE AID

LESLIE COLITT

WHY DOES the West German Government, hardly an advo-cate of government intervention in industry, own a large steel and engineering company, a portion of West Germany's biggest industrial group as well as a slice of its leading auto-mobile company? The answer is to be found in recent German

During the Second World War a significant part of German heavy industry was run by a Beich holding concern which at war's end was dis-mantied and split by Allied order into smaller units. One of them, Salzgitter AG, was taken over by the new West German government

Similarly the **Federal** Government owns 44 per cent of the Veba energy group, West Germany's largest company with a turnover last year of DM 36.7bn and pre-tax profits of DM 1.5bn. Veba was originally forward as a holding comally formed as a holding com-pany in 1929 for the Prussian state's industrial enterprises and when Prussia was dissolved by the Allies in 1945 Veba

railways and posts, the West German Government's holdings include the Saarbergwerke AG, the Viag company and the IVG concern. Altogether the six industrial companies account for DM 3.9bn out of the DM 5.1bn of government share against in the six in the same of government share capital in

of government share capital in some 30 German enterprises.
Putting things into perspective, though, the total revenues from the companies flowing into government coffers was a modest DM 195.7m in 1979. This was a DM 35m rise over the previous year because of a higher Veba dividend and in-creased revenues from VW, Deutsche Lufthansa and the Government-controlled company which runs Autobahn concessions. This sum, however, does not include the dividend from

Unviable

Many of the Governmentowned enterprises, such as airports and canals and institutes engaged in research, are comwhen Prussia was dissolved mercially unviable. Others, such the Allies in 1945 Veba as the Kreditanstalt für West German subsidies are those and into the bands of the Wiederaufbau, which serves the going to West Berlin and to West German Government small and medium-sized com-which in the 1960s sold off the panies, and the Deutsche Germany. Companies setting up largest portion to the public. Pfandbriefanstalt are not per-factories in the so-called zonal

Apart from the expected subsidies of DM 660m which government monopolies such as comes out to an average 10 per

> One such aided shipbuilder, Howaldtswerke-Deutsche Werft is a 75 per cent subsidiary of the state-owned Salzgitter company, while the state of Schleswig-Holstein holds the remaining share.

Other Federal subsidies include an exemption of the tax on diesel fuel for ships amounting to DM 445m this year. There is also an exemp-tion of DM 350m in taxes on aviation fuel as well as DM 70m in uncollected taxes on oil used the Government's VW holding by petroleum processing com-which goes directly to the Volkswagen Foundation. by petroleum processing com-panies. Farmers need not pay DM 640m in taxes on the diesel oil they use to run their agri-cultural machinery.

All told the West German Government is providing indus-trial subsidies this year worth DM 13.6bn and tax reductions

worth DM. 13.9bn.

which in the 1960s sold on the public.

Panles, and the Deutsche Germany. Companies setting up largest portion to the public.

Volkswagenwerk AG, of mitted to make more than a small profit, if any at all.

The Cartel Office says it of small tradespect of this shoemakers and the Bonn Government and 20

In the area of government of government operators, has fall per cent by the State of Lower subsidies to industry. West ment incentives and tax rebates.

Saxony, was until 1945 held by Germany is not as tight fisted two trusts established by the as its reputation nor does it ity has a healthy spread of cones and not automatically by Reich Labour Front. In 1961, lightly provide aid. Hard pressed West German shippards companies the trend toward until now. It notes, though, that the mubile taken over by medium-sized ones and not automatically by medium-sized and small-sized the largest as was the case companies the trend toward until now. It notes, though, that bigness is unmistakable. West the invasion by the large com-Germany's Monopolies Commis- panies into areas dominated by sion says the 100 largest German companies boosted their trading houses — will only be share of total sales to 242 per stopped if the Cartel Office can cent in 1978 compared with 21.7 per cent in 1972. The top six companies accounted for 23.3

per cent of the turnover of the eading 100 companies in 1978,

while six years before their share was under 20 per cent.

Law changed

That extremely active anti-trust agency, the West German Cartel Office, in West Berlin, notes that 224 mergers escaped its control last year because they involved large companies. they involved large companies taking over small firms with sales of less than DM 50m. In 87 per cent of the cases the large companies had sales of more than DM 1bn. An amendment this year to the cartel law should appreciably reduce the number of companies exempted from registering their intent to merge with the Cartel Office.

The amendment stipulates that the West Berlin office can prevent mergers if a company

prove market domination will result and not merely by applying its criteria for "suspicion as provided for under the amendment. Plans to merge are nearly always dropped by the companies involved when the Cartel Office tells them of its objection without issuing a formal merger ban.

zitätswerk, Deutsche BP, Deutsche Shell, Hoesch-Estel, Dresdner Bank, Salzgitter, Haniel, Thyssen, Ready Mixed Ruhrkohle, and Westdeutsche Landesbank

Although the number of mergers handled by the Cartel Office has increased year by year since merger controls went into force in 1974, other figures show the total number of firms in West Germany has with sales in excess of DM 1bn 1.66m in 1978. However, a tries to take over a company closer look shows that while in with sales of DM 4m or more.

Even under the new regulation the Cartel Office must still prove that existed in 1968, the great that a "market dominating position" would be achieved or strengthened by the merger.

The Cartel Office says it expects one result of this amendment to be that smaller operators, has fallen steadily in constitutions. The Cartel Office says it expects one result of this amendment to be that smaller operators, has fallen steadily in constitutions.

75 of the top 100 companies in Germany do business with us.

C	Sales — million	.TW_	Ştalif thous		Company	Saics - millio	- MC a	Staf? - ihousands =	
Company	1978	1977	1978	1977		1978	19:7	1978	1977
Industrial enterprises					Industrial enterprises				
1 Veba	31777 29009	27589 25198	81,9	56, 5 519,0	51 Werhahn-Gruppe 52 Stahlwerke Böchling-Burbach	2641 2556	2298 1750	:	:
2 Signers	26724	25196 24152	304,0 206,9	319,0 191,9	53 Delker	2471	2429 2265	11,6	14,2
4 Daimler	24839	24723	172	189.2	54 Boehringer togelbeim	2382	2265	•	•
5 Hoechst	24101	23298	179.5	180.9	55 Sildvieh Sudfleisch-Gruppe	2374 2370	2153 1920	:	:
6 Thysecu	25459 23254	21621 23181	1599 1154	142,5 713.8	56 Polygram 57 Deutsche Solvay-Gruppe	2300	2159	•	-
7 BASF	22836	21392	179,0	170.4	.58 Billinger + Berger	2246	2307	•	•
9 Klöckmer-Gruppe	14427	14132	73.4	75,7	59 Schering	2226	2133	18,1	18,1
10 AEG-Telefanken	14097	14286	162,6	158,4	60 Messerschmitt-Bolkow-Blohm	2117	1801	22,3	20,7
11 RWE	12778	11871	58.3	- 57.9	61 Bayerpwerk	20R5	1872	•	-
12 Mannesmana	12670	11714	105,7	105,6	62 Siemens Bosch Housgerite	2084 2030	2032 1954	:	:
3 Rahrkohle	12 488 12401	10974 12065	136.5 84.4	143,3 84,9	65 Comi Guarran	2029	1815	:	-
14 Gutchoffmungshiltte 15 Esso	12076	12195	4.5	4.7	65 Ringers	2015	2004	•	•
ló Krupp	11399	11169	84,7	86,5	65 Carl-Zelss-Stiftung	1945	1812	29,5	28,2
17 Deutsche Shell	11893	11764	-		67 Strabag	1945 1936	1809 1903	19,8 20,7	16,5 19,8
18 Opel	10642 10475	9167 10163	64.8 58.2	59,7 56,3	68 ZF-Konzurn 69 Magirus-Deutz	1927	1858	125	12,7
20 Bosch	9618	9160	317,8	110.5	70 Presidenberg	1920	1821	23,0	22,7
									
21 Deutsche BP	9528	8863	4.2	4.3	71 Linde	1825	2667	20.4	289
22 Quandt-Gruppe	9300 9300	8250 7800	67,1	65,0	72 Kugrifischer 75 Korf-Gruppe	1824 1 <i>8</i> 07	1796 2522	28,4	20,5
4 Hick-Gruppe	7624	6661	459	46.0	74 Dyckerholf & Widments	3744	1687	15,1	15,4
25 Deutsche Underer	7307	736I	34,8	54.9 52.3	25 Lichierz Gruppe	1707	141 6 1466	11,1 53	10,5 5.5
26 Salzgitter 27 Hoesch-Werks	6724 6538	6419 6230	50,1 47,4	48,5	76 Dillinger Hutte	1664 1659	1582	17,7	17.5
S IBM	6318	6381	26,0	25,1	78 VFN Fokker	1630	1662	17,7	17,5
29 Recording	6254	6152	33,5	24.2	79 Eschweiler Bergwerksverem .	1626	1290	•	:
30 Deutsche Texaco	5885	5671	5,5	5,7	80 Merck	1619	1474		
51 Henkel-Gruppe	5602	5363	33,3	54,2	81 Michelin Beifenwerbe	1574	1548	•	•
2 Raduges 3 Mobil Oll in Dentschkand	5493 5174	4707 5025	2,4	2.4	82 HEW 83 Norddeutsche Raffinerie	1573 1565	1517 1545	:	:
4 Degresa	5072	4455	•.	- 1	84 PWA	1527	1535	9,8	10,2
4 Degussa 35 Hochtief	4303	3613	31,1	28,5	85 EVS	1474	1365	:	•
6 Deutsche Philips	4204 4200	4026 3200	29,5	31,0	86 Tschibo	3425 1417	1400 1600	:	
8 Holzman	4197	3224	27,5	26,3	58 Beletadorf	3414	1327	~	-
59 BAT	4012	3877	5.B	3,9	89 Benteler	1406	1204	7,8	7,6
i Saurberg-Gruppe	3,821	3446	29,5	29,1	90 Deutsche Contigns	1380	1300		<u> </u>
(1 Brown, Boxeri	5784 3398	3828 3512	36.0 23,2	36,7 22,5	91 Bauknecht	1580 1355	1350 1243	3,4	3,3
T Dentsche Rahroek	3357	298I	28.5	25.9	92 Badenwerk 95 Chevron Erdől Deutschland	1345	1279	2,0	کة
44 VEW .,	3145	2813	7,0.	7,0	94 Du Pout de Nemours	1323	1213	•	•
	2956 2850	2763 2950	39,0	36,0	95 Orenstein & Koppel	1314 1307	1 <i>13</i> 0 1001	:	:
6 DL Saint-Gobala-Gruppe	2797	2735	33.2	32.8	96 Philip Morris 97 Alfred Teves	1285	1218	11.7	11.4
& Brinkstenn	2756	2717	4.6	4,6	98 Bewag	1259	1167	6,0	6.0
9) Preasing	2684 2648	2619 2508	17,3 15.0	17.6 13.0	99 Deutsche Marathon	1253 1245	1621 922	0,7	0,7
50 Nestle-Grappe Deutschland	-040	2300	12,0	23,0	100 Leonhard Monheim	2243	700	-	-

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Disagreement over the Japanese problem

COMPETITION

LESLIE COLITY

NO SPEECH by leading West exports: electrical and mechani-German industrialists these days is complete without the Japanese challenge being ments and iron and steel ments and iron and steel products. Chemicals is an out-

West German Industry and and West Germany on interTrade Federation (DIHT) has said, however, that he is opposed to the Japanese exercising the rise in Japan's share of "self restraint" to limit their car exports to West Germany— which was 14 per cent in 1978, where they captured 9.9 per cent of car sales in the first many's share remained constant at 19 per cent. The real loser eight months of this year. In at 19 per cent. The real loser the long run, he says, this was the U.S., whose share of would only impair the ability world finished goods exports of the West German car in- fell from 22 per cent in 1960 dustry to compete internation- to 14 per cent in 1978. ally as more than half of its own output is exported. The mechanical engineering, the only way to remain strong, Herr "flagship" of West German Wolff notes, is to plunge into exports, contributing 22.5 per the icy waters of competition cent of the country's total exinstead of being lured by the "protective fence" mentality of Japanese assault on the West others, such as the EEC Cou- German market leaders has

But West Germany's giant West German industrialists metalworkers' union has clashed with this laissex-faire products of the highest techphilosophy, calling on the Bonn Government to limit the flood of Japanese cars after they took 15 per cent of all car sales in Japanese. The Berliner Bank to go the way of an earlier pre-likely description of a DM 20bn description. August. Even Volkswagen's report, however, cautions that diction of a DM 20bn deficit. Farm machinery sectors where Herr Toni Schmücker, who aiming solely at technical per previously opposed attempts to block Japanese car imports, has the frequently a good ism and the rising remittances block Japanese companies Japanese-made product at a lower price is chosen over a in West Germany continue to be the same of the first part not to continue increasing their lower price is chosen over a in West Germany continue to be of the year. Since then foreign inflation-ridden competitors.

reminding them that they are "vulnerable."

A trade analysis by the Berliner Bank concludes that Japan is now the only serious international competitor against West Germany in the most important sectors of German

The bank notes that in ports of finished goods, the begun in earnest.

considerably higher price. More goods, it suggests, are needed such as VW's classic Beetle, which although far less sophisticated than other cars for decades none the less provided just what the buyer wanted at

the right price.

Every fourth Deutsche Mark of West Germany's gross national product continues to be derived from exports, explaining why the German export evoked in order to prod German producers into accelerating their technological efforts as to get German workers to moderate their wage demands and to stop dreaming about the 35-hour working week.

Herr Otto Wolff von Amerongen, President of the Wast German Industry and Products. Chemicals is an outbour boom which flattened out me mid-year was once again credited with saving the economy from recession. But despite a 13 per cent rise in exports in the first eight months of this year, the value of imports soared 20 per cent, thus shrinking the trade surplus from DM 16.5bn in the period from Lanuary to September last evoked in order to prod German products. Chemicals is an out-boom which-flattened out in

Recovery

For the entire year, trade specialists predict a 5 per cent real increase in exports and a 5 per cent real increase in imports compared with a 7, per cent and 9 per cent rise last year. A moderate decline for next year is anticipated in both exports and imports but with a recovery coming in the latter half of the year.

In the first eight months of

exports at the present rate and superior German product at a the largest drains on the invisibles account.

The West German Economics Ministry explains the sharp deterioration in the trade balance by the higher level of import prices over the price of exports, producing a deterioration in West Germany's terms of trade. The main culprit was the price of oil, but it did not lead to anything like the sharp fall in exports experienced in 1974-75. which in turn was a major cause of the German recession of that

Despite the worrying current account deficit, West Germany's Economics Minister, Count Otto Lambsdorff, has assured his welltravelled countrymen there is no danger that currency regulations will be imposed to curb the outflow of D-Marks.

One benefit derived from rising oil prices has been the revival of Middle Eastern demand for West German plant and equipment. In the first half of this year West German exports to the Arab states rose 10.8 per cent to DM 9.2bn, while imports from them, mainly because of soaring oil prices, 66.3 per cent to DM 13.4bn.

Although demand from the oil producers was expected to provide badly needed support for the economy, they take but a modest 6 per cent of West German exports. By contrast nine Western European countries, plus the U.S., absorbed 67.2 per cent of West Germany's exports in the first half of this year while nearly the same countries, this time including Japan but minus Sweden, pro-vided 61.6 per cent of West Germany's imports.

Apart from the car, truck and

orders have fallen in most industries and in August there was an 8 per cent fall in orders from abroad which was considerably more than the decline in domestic orders.

The German Institute Economic Research in West Berlin believes that over all there will be no appreciable drop in West German exports in the coming months. Whether an expected slight decline will stretch into 1981, it notes, depends on economic conditions in the other Western industrial nations, especially the U.S. It says the slow down in imports to adjust to lower West German consumption will continue and that real imports in the second half of this year will show a slight downward trend.

Reinforcement The sharp increase in import

prices already reversed and this is expected to produce an improvement in the terms of trade which should be reinforced by lower world raw materials prices. The Institute says the nominal balance of trade surplus should improve in the latter part of this year. However, it forecasts that the continued rise in the invisibles deficit will produce a current account minus this year of no less than DM 28bn. A number of recent trade analyses show that West German industry's competitiveness, unlike the 1974-75 period when the D-mark was revalued upward, has not suffered in recent years. With inflation in the other major industrial countries running at about 10 per cent or double the West German rate, costs will continue to rise faster abroad than in West Germany. The day may not be far off when West German - made goods will be regarded as reasonable in price compared with West Germany's

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Bankers wonder if days of rapid growth are over

BANKING

STUART FLEMING

ration in their country's

After their experiences over German bankers are beginning to ask themselves the same

That the years of the West
German "Wirtschaftswunder"
have been fat ones for bankers
as well as for the population at
large is not in dispute. In the
large is not in dispute, wrofits

of Deutsche Bank) which have
been suffering some of the sharwere to be earned financing pest profit declines. Partly, be-industrial expansion and then cause of their different liability in 1979, while some of its major

the expanding sales of consumer structure, co-operative banks rivals reported significant profit interest rates for this has under-transaction and thus possibly goods. In the 1970s came the and finance houses, have so far declines.

In the first six months of 1980 liability management and conthe banks' dismay at the evoluthe banks' overseas operations, growth which at first added further lustre to the banks'

news magazine "Der Spiegel" turbing erosion in their profita few weeks ago. The question ability. Some bankers including Dr. Wilfried Guth, co-spokesman at Deutsche Bank, are beginning many Germans, disturbed by to ask themselves whether they what they fear may be emerging must now reconcile themselves evidence of a long-term deterio- to slower growth in the 1980s.

That is not a particularly cheerful prospect, particularly for the big international banks who must take into account the past two years many West what impact such a period of slower growth could have on their competitive position with their multi-national rivals in

1950s and 1960s healthy profits been suffering some of the shar- mercial banks, achieved an 8.9

ditions with less trouble.

A recent study of the profit-ability of the West German banking industry in 1979 carried out by the Bundesbank, the nation's Central Bank, high-"HAVE THE fat years gone?" ever, many West German banks, the nation's Central Bank, high-particularly the commercial lighted these divergent trends. It also added a few caustic comments about some of the business policies which certain banks adopted.

Broadly speaking the picture it presented was of a decline of around 4 per cent in the operating profits of the banking industry as a whole, but declines of 10 per cent and 13 per cent respectively for the big commercial banks and the private banks. In contrast, the credit co-operatives increased their operating profits by 20 per cent and the instalment sales financ-

ing institutions by 7 per cent. Within these overall figures, of course, there have been divergent trends. Deutsche Bank, the biggest of the com-

the pressure on the commercial banks' profitability continued and in some cases intensified to the extent that it has sparked speculation in some Frankfurt banking circles about the possibility that some of the banks may begin to look for economies through staff reductions. Rising labour and administration costs were identified by the Bundesbank as a key factor contributing to the pressure on bank-

ing profitability. To some extent the pressure on the profits of the big banks is a reflection of the sharp decline in interest margins on international loans, a decline which has affected all the international banks to a greater or lesser extent and which, in the case of the German banks, has weakened one of the supports for the earlier growth of profits.

Undermined

But of greatest significance in both the short and the long term has been the, by German standards, remarkable rise in

tractual lending policies of some of the banks. These policies were based on what has proved to be too ready an assumption of relative stability in interest rates and in the margin between the officially established Discount and Lom-bard rates at the Bundesbank and the rates which the banks

charge for loans.

Put simply, the commercial and private banks have been caught out by shifts in the risky for the banks to make medium-term loans at fixed

Thus, at one point in its examination of profitability trends in the industry in 1979,

tion of events is amply illustrated by the comment of like to see during future tightearlier and more indicative changes in key interest rates to provide the signals without which a convincing monetary

The problem for the banks now of course is that they can no longer be sure to what extent the traditional relationships Bundesbank's monetary policy, the traditional relationships shifts which have made it more will reassert themselves for so much is changing. They might normally expect that in a period of economic slowdown such as rates at a time when the cost of economic slowdown such as of funds to finance these loans the West German economy has risen sharply. In some cases it seems the banks compounded their problems in this respect by assuming that it would not be long before German interest rates fell and the old relationships re-established themselves. be serious doubts about whether of the easing of interest rates which the Bundesbank encouraged in September can be carried as far as might have

COMMERZBANK 1980

The index shows the share performance of 60 of Germany's leading companies

ing markets, the worrying change which could be taking sundesbank comments:

"Acting in accordance with the maxim 'expansion is more important than profit they (the banks) seem in some cases to have preferred to accept a narrowing of the interest rate margin rather than forego a challenges for the Bundesbank

"Acting in accordance with the maxim 'expansion is more important than profit they (the banks) seem in some cases to have preferred to accept a narrowing of the interest rate imms create more persistent rowing of the interest rate imms create more persistent federal Reserve Board's handlenges for the Bundesbank

"Acting in accordance with the mic position and the influence this mic position and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position in their home merting to grips with its inflationary difficulties and the influence this mic position and the foreign exchange markets may also inhibit the being to ask themselves whether the markets may also inhibit the mic position in their home merting to ask themselves whether the markets may also inhibit the being to ask themselves whether the markets may also inhibit the mic position in their home merting to ask themselves whether the markets may also inhibit the being to ask themselves whether the markets may also inhibit the mic position in their home merting to ask themselves whether the markets may also inhibit the mic position



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Man of innovation and influence

Stuart Fleming profiles Dr Wilfried Guth, joint chief executive of Deutsche Bank, who plays a prominent role in creating world banking policy.

WHEN THE bankers attending 1962 to 1967 a member of the risks are now too high for the the International Monetary Board of managing directors of banks to undertake such a pre-Fund annual meeting in Wash- the Reconstruction Loan Cor- dominant role again, at least in ington this month chose Dr. Wilfried Guth, the 61-year-old co-spokesman of the Deutsche Bank, as the most innovative European banker of the year, it underscored the growing influ-bank, the Bundesbank, where international agencies such as ence of Dr. Guth on the thinking of his peers outside West ment. At one stage last year it. Fund and the World Bank and

story. In today's world the influence exercised by a chief executive of a major bank can stretch well beyond the boundaries of the financial markets. For the scope of a bank chief executive's business interests has been vastly expanded as the banks themselves have, since 1973, begun to play an even larger role in the financing of countries, and not just of the

The banks are well aware of the advantages of having a top-executive who commands international prestige. Such a man, who can deal successfully in the Chancelleries and Finance Ministeries of the world as well as in its banking parlours, is an asset which translates into bigger profits and more business; it is an added bonus if he has the diplomatic skills needed to exercise a leadership role in

From his background, Dr. Guth clearly has the range of role he is playing in the emerging debate over how best to tackle the challenges facing the banking industry in a world full of financial tensions. At present Dr. Guth is, in effect, joint Chief Executive of the Deutsche Bank, Germany's largest bank, sharing the role with Dr. F. Wilhelm Christians. He did not join the bank until 1968. Before that he had been the Executive Director of the International Monetary Fund for the Federal Republic and, from poration, the agency responsible so far as lending to the oil for administering Marshall Plan importing developing countries funds in Germany.

Dr. Guth began his banking career at Germany's central seemed a strong possibility that the West hones) the OPEC But the significance of the he might be nominated as the surplus countries will begin to prominence Dr. Guth has successor to Dr. Otmar play a bigger role. Such a achieved among his banking Emminger, the Bundesbank development clearly impinges colleagues is only part of the president who retired at the end directly on the interests of the of 1979.

Leading role

IMF, must inevitably be seen as partly the result of some of the ideas he has floated for dealrecycling the protracted OPEC surpluses, anticipated as a result of the surge in oil prices.

The banks played the leading role in the wake of the first. " oil shock " in 1973-74, financing the oil-induced deficits of developing countries. It is in part the result this (highly profitable) expansion that top bankers have been forced to take into consideration broader issues than merely the creditworthiness of a borrower when making lending decisions.

For, in the context of lending to countries, "creditworthiness" often comes down to a question be influenced not only by the decision on whether to lend or not, but also by the economic and political forces at work in the world. Decisions to lend money in, say, Poland, Yugo-siavia or Turkey clearly raise broader issues than what rate of interest to charge. While the bankers were happy

enough to play a leading role recycling surplus funds from the first oil shock many of them, including Dr. Guth, have been making it clear that the

banks. The terms on which such lending is made available, in Leading role what circumstances and to which countries, are issues which will directly affect the already _running .. in some countries.

> It is for these reasons that Dr. Guth, for example, sees the need for closer co-operation well as between the banks and the other prospective lenders, the IMF in particular. He is well aware that the banks own freedom of action could be constricted by the circumstances in which such co-operation is undertaken, but already Deutsche Bank itself has been making special efforts to meet and discuss such issues with the top executives of other major

It is against this background of the need for co-operation t perhaps the most controversial idea Dr. Guth has floated needs to be set. At a gathering of top bankers in New Orleans this year he suggested that the world's leading banks ought to consider setting up some form of joint support system to deal with crises which might threaten the world's financial system as a result of an important bank getting into financial difficulties for one reason or another.

Hitherto, perhaps because initial dominance in international mar-



STOCK M.

STUART FL

Rda.

Dr. Guth: Banks must co-operate

kets, and the leading role which U.S. foreign policy played, it has tended to be one or two American bankers who have made the running in public in the debate over banking issues of this breadth. The emergence of Dr. Guth, a European banker prepared to take the risks associated with playing a lead-ing role addressing some of (the West hopes) the OPEC as private, takes on an adisti significance in this context. But, as he himself points out, a banker must not forget that in the end it is the interests of his best which he his bank which he must serve, so it is important not to lose touch with the day-to-day busness issues which his bank must

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Current account deficit presents policy problem

THE BUNDESBANK

STUART FLEMING

WITH A self-assurance which has become its hallmark the Bundesbank, the West German Central Bank, has over the past two years successfully steered a course through the unpredictable changes which have been sweeping both the international financial markets and the German domestic economy.

Its performance has at times stood in stark contrast to the all too public difficulties which the Federal Reserve Board in Washington has had in negotiating similar treacherous shoals. The contrast is an easy one to make and, put so baldly, unfair. Enlike the U.S. Central Bank, the Bundesbank does not have to contend with a political establishment (or a population) which seems too often to pay merely lip service to the fight against inflation while simultaneously fanning the nation's inflationary psychology—for inflationary psychology—for example, in artificially stimulating a housing market which was already seething with inflationary expectations.

Again, unlike the Fed, the Bundesbank has not been faced with the surges in the domestic inflation rate which threatened te overwhelm the U.S., or with the rapid changes in an already more flexible financial system which has forced the Fed to wage a constant battle to keep abreast of innovation in the

roblems the Washington Fed

Frankfurt, some fundamental public confidence that, by Ger-monetary policy in view of the adjustments have had to be man standards, a worrying surge weakness made in Central Bank policy, in the domestic inflation rate economy. On the other hand i That the changes in Frankfurt would not be allowed to get out has felt that its flexibility in have attracted rather less attended to be allowed to get out has felt that its flexibility in have attracted rather less attended to be allowed to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attended to get out has felt that its flexibility in have attracted rather less attracted rather less attended to get out has felt that its flexibility in have attracted rather less attracted rather tion owes something to a more however, has already begun to pragmatic hand that has adjust to some of the implica-appeared to be holding the tions of the Central Bank's fine

It is interesting to note here that the continuity which has characterised Bundesbank policy through this period came, Otto Pohl, a man whose political and journalistic background has had something to do with the evident flexibility with which the Bundesbank has been operating.

it should be remembered that the shift in German domestic monetary policy in the direction of what the Bundesbank, rather bravely in view of the experience in other countries, likes to call "fine tuning" began to come into effect under Dr. Emminger. This "fine tuning" variety of manifestations but using conceptually it has amounted to ments. a greater distinction being made between monetary policy techniques aimed at curbing or enhancing the liquidity of the banking system and those aimed interest rates.

Privilege

That the Bundesbank has been ore formidable challenge to is a privilege it has enjoyed in growth and perhaps even reces-S. policymaking than simple part as a result of the greater mparisons allow, it remains rigidity in the German financial

that, as in Washington so in system and in part because of wanted to pursue too strict a that its days are already num-bered.

The additional flexibility the Bundesbank has had as a result even though leadership of the of fine tuning through such Central Bank passed out of the operations as repurchase agree-hands of Dr. Otmar Emminger. ments (used for the first time Dr. Emminger retired at the last year), foreign currency end of 1979 to be succeeded as swaps with the banks and quotas head of the Bundesbank by Karl on Lombard credit, for example, dealing with financial markets which have been shunted off course by unexpected developments, particularly overseas.

Abrupt changes in the direccurrency flows in Having said that, however, response to, for example, the wide swings of interest rates in the U.S. sudden changes in the foreign exchange markets' assessments of the key dollar/ Deutsche Mark exchange rate and some fundamental changes in the German economy itself Emminger. This "fine tuning" which the Bundesbank has of monetary policy has had a found it easier to cope with by using its fine tuning instru-. In the past months the fine

tuning has been in evidence as the Central Bank has resisted demands for sharper reductions in its key Lombard rate beyond the half percentage point cut to 9 per cent in September, but at the same time to ease the liquidity in the banking system party because of growing concern about the impact of too able to ride both of these horses strict a monetary policy on the Having established that the at the same time at least to economy. By most assessments, some extent, to tighten or ease the German economy began to as had to deal with—political liquidity without having to make weaken in the second quarter id economic, national and fully compensaing adjustments of this year and is now headed ternational-have presented a in administering interest rates, for a period of, at best, sluggish

sion. The Central Bank has not

encouraging a downward drift in short-term rates has been limited by the renewed surge in Prime has again risen to the 131 U.S. interest rates where the per cent-14 per cent range. Against this background it is feared that too sharp a drop in German rates could stimulate a renewed outflow of currency and threaten the Deutsche Mark on the foreign exchanges.

Complication

It is in this area that the Bundesbank today faces a rather more difficult policy problem.

The movement of the German current account into substantial deficit—a deficit as large pro-portionately as any the U.S. has run in recent years—presents the West German Central Bank with some new policy problems The financing of this deficit will complicate the Bundesbank's policymaking. Ensuring that the Deutsche Mark does not become another chronically weak cur-rency, however unlikely that may seem, is another. German exports have remained strong the possibility has to be reckoned with that West Germany will find it difficult to ge its current account into the

How the balance will be struck between the benefit which a steady (rather than a rising) Deutsche Mark might bave on helping exports, and the greater difficulty Germany will have in such circumstances in avoiding importing inflation, is clearly of crucial importance. Political measures promises to be all the support for tough anti-inflation more necessary in the years immediately ahead. Fortunately there is no sign that the support will be lacking or that the Cen-tral Bank will be slow to call upon it in order to get inflation



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Strong rally by long term bond market

STUART FLEMING

and equity markets in Germany over the past again been dominated by monetary policy of the desbank, the West German rai bank. hrough much of the period

further tightening of letary policy aimed at curb-

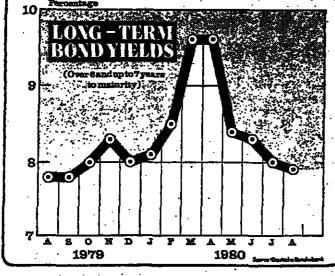
inflation and coping with urbing shifts in capital flows a result of changing interonal circumstances, in parilar U.S. monetary develop-ints, presented the nations ick and bond markets with Amidable challenges. Since May, however, the long-term bond market has rallied strongly, reversing the sharp lpward movement in bond lpward movement in bond fields which took place in the pening months of the year. The rally in the equity maret has been much less convincvestors are about to give up eir preference for fixed in-me securities. Earlier this ar, in March, the Commerz-ink index sank to its lowest el since 1975, hitting 667.6. e recovery since then has en the index back to the 740

Dramatic fall

During the second half of 9 short-term money market lds had begun to move above long-term bond yield, the ter had stuck around the per cent mark peaking for year at 8.4 per cent in vember. By the middle of ril this year money market ilds had moved above 10 per at and the long-term bond eld to 9.6 per cent, producing. German standards,

amatic fall in bond prices. Significantly, this rise in 1ds meant that at no point the current cycle have bond elds fallen below the officially easured rate of increase in nsumer prices which, on a ar-on-year basis, appears to ve peaked in May at 6 per officially nt. One says officially assured since there is, among e men, and more especially German women in the ect, considerable scepticism out whether official statistics flect fully the prices which

ey are having to pay. Whatever satisfaction bond restors could draw from their al rate of return, however, has be set, against the capital sses they suffered until April. te significance of this may lie part in the fact that amongst automobiles. ose investors who had to watch



the value of their investments slump were thousands of individual investors. In 1979, the tightening Bundesbank monetary policy had virtually driven the banks from the bond market. the Deutsche Bank

1979's bond market ig. however, and there is little performance as the "year of the bidence to suggest that German private investor." The banks, who in the previous four years had taken up around 50 per cent of the bond markets net sales, took only 8 per cent, while private investors took around three-quarters. The Bundesbank put households investment in bonds in 1979 at around DM 30bn, three times the amount of the previous year. Some of these investors will have learnt that fixed interest securities can be as volatile as ordinary shares.

These developments in the German stock and bond markets are in some respects rather similar to what has been happening in other nations' financial markets. Even though Germany has not suffered the same inflationary United problems as, say, the States or the United Kingdom, investors, including private investors, have been turning to the fixed income and bond markets and away from the equity market. The bond market has been playing a steadily increasing role as an investment medium.

Some investment managers maintain that the increasing orientation of investors towards income rather than capital gains producing investments reflects the relatively poor profits performance of many companies. There are, as one invest- gun to rise again, and when the ment manager put it, only a nation has to be concerned handful of growth companies in the German economy. More payments deficit and guard over at a time when the against the danger of an outeconomy is more volatile some of the nation's biggest concerns operate in highly cyclical indus-tries such as chemicals, pharmaceuticals capital goods and

The past decade

steady decline in the earnings multiples at which the shares of many major corporations sell, from around 15 times to nearer seven or eight times. Indicative of the investors' preference for income, those among these corporations which have low dividend yields and payout ratios have been under pressure to improve dividend payments. .

But at a time when there is concern about the level of profitability of corporations, and when equity capital is so expensive, interest in ordinary share investment has been further dampened by unease over what some investment managers fear has been an erosion in the ability of companies to maintain their equity base and finance investment.

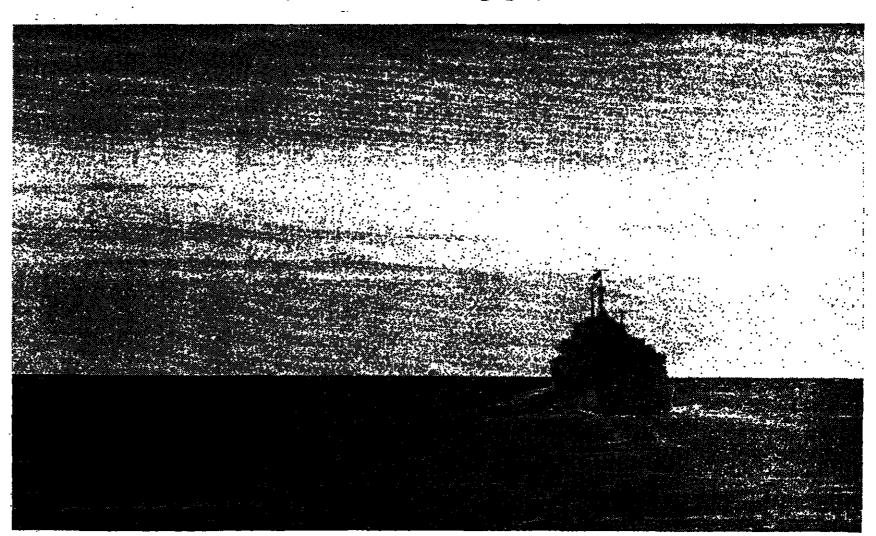
Latterly, investors în ordinary shares have also had to concern themselves about the evidence that a cyclical downturn in economic activity began in the second quarter.

Encouragement

In contrast, the bond markets have been encouraged since April by the initial easing of unprecedented U.S. interest rates, signs that inflation is slowing, and the cautious easing of monetary policy by the Bundesbank which lowered its Lombard rate from 9.5 per cent to 9.0 per cent in mid-September after earlier, more cautious steps to relax policy.

But investors are sensitive to the problems the authorities have in easing rates at a time when U.S. interest rates have be about financing its balance of doubts about the extent to which bond prices can rise further after the strong rally they taken the average yield down to

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Flexibility in the face of challenge

MECHANICAL ENGINEERING **JONATHAN CARR**

THE mechanical engineering industry has long been-and is likely to remain-one of the cornerstones of West Germany's economic success. Indeed, there are signs that this sector in the 1980s will have a chance to do even better than it did in the second half of the 1970s. Can it grasp the opportunity, and what are the accompanying

An attempted forecast first requires some definitions and a of the country's industrial workers, accounts for 11 per workers, accounts for 11 per cent of its total turnover and no less than 18 per cent of its foreign sales. As the accompanying table shows, the mechanical engineering sector last year exported goods worth DM 56.4bn—that was 56 per legit months, the value of cent of production—against an engineering exports increased

Put another way. West Germany's exports of mechsanical engineering products responsible for this result was exceeded its imports of these a boost in real terms of 10 per goods last year by DM 37bn. cent in exports to other Western The importance for Germany's European countries, which have overall visible trade surpluswhich totalled DM 22bn last vestment in new engineering year—thus hardly needs under-lining. Nor is it surprising that economic downturn and the West Germany retains its posi- high cost of credit. tion as the biggest exporter of simultaneously, engineering engineering goods in the imports rose in the first eight Western world, despite strong months by 14.1 per cent. Despite and increasing competition from this high rate of increase the the Japanese in particular.

gives a highly positive explanation, but few who have studied the industry will be inclined to disagree with him. He says, "the German mechanical engineering industry lives from engineering industry lives from the same period to no their engineering trade.

The orders position si less the U.S. may be emerging from parent to non-Germans than are not non-Germans than are non-Germans tha the quality of its products, its top technology and inventiveness, its progressive management and its reliability in fulfilling contracts."

cation from machine tools, office and information products to industrial plant and building equipment-also shares especially heavily in any general domestic economic upturn. For example, in 1978 more than 40 per cent of total West German investment in plant and equipgress to date. The sector, composed very largely of small- and medium - sized enterprises, employs more than 14 per cent of the country's industrial ment went to the mechanical arly sensitive to a downturn and that its export success bas

cent of production-against an engineering exports increased export share of 46.8 per cent at the start of the decade.

The start of the decade.

August 1979 by 7.5 per cent markedly faster than the rise in domestic sales. Mainly cent in exports to other Western clearly been increasing their in-

difference in the base figure for How do the Germans manage measurement of export and Perr Tyll Necker, Vice- import growth is such that the President of the industry's Germans are once again heading

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business climate in manufacturing industry carried out by the IFO Economic Institute of Munich showed an increase in pessimism in the late summer. The high cost of credit, unfulfilled sales expectations and sinking profit-turnover ratios are making companies less ready to invest, and the mechanical engineering sector will be among the first to bear the

severe or long-lasting as that in

of 1979, while foreign orders making it the third biggest over- engineering sector could only were up by 6 per cent. How- seas market). Further, at home register a net profit-sales ratio ever, that foreign figure in- it is expected that the need for of 1.92 per cent. This is clearly cludes a downturn from June new investment to help master to August of 2 per cent — a the energy crisis will prove so It is worth adding that this taste of harder times to come, strong that this will continue to sector with its wide diversifi- At home, the test of the provide a backbone of demand throughout the general economic

Divergence

well suffer a business downturn However, there are two in 1981, while those directly reasons for hope that the coming involved in energy investment recession will not be either as may continue to do well.

less than the ratio achieved in other major German industrial the engineering profession may sectors including vehicle conhave lost its drawing power for struction, chemicals and elec-tricals and far less than that students, at least for a time. considered normal for many

This weakness in earnings is One result of this is likely to linked to another problem which be an increasing divergence in affects most parts of West Gerthe business position of individual branches within the whole mechanical engineering the relatively high level sector. Companies building con-struction and agricultural man enterprise by comparison machinery, for example, may with a British or U.S. counterpart. It implies continuing high interest payments even when business is poor, and that is may continue to do well.

What of the longer-term prosmedium-sized businesses to susthe mid-1970s. For one thing, pects? First, some of the prob- tain-just the kind of concerns

foreign competitors

skilled and inventive management and labour. But figures from the German Institutes of Higher Education suggest that

All that said, it is worth emphasising that almost all the challenges facing this sector in the past have simply spurred It to renewed efforts and con-investment quota (as a per-in putting the results of their tinuing success. For example, centage of sales) of more than research to practical work in the high-flying Deutsche Mark 4 per cent.
which some felt might cause It is sometimes suggested German engineering products that only the largest enter process particularly develor to price themselves out of world prices can draw full benefit ments in micro-electronics. markets, forced manufacturers to still greater technical development and delivery reliability. Foreign markets were not held without pressure on profits but they were maintained nonethe-less, and can be extended. Looking ahead, West German

MECHANICAL ENGINEERING INDUSTRY

	1970	1978	197
Labour Force (Millions)	1.2	1.1	11
Enterprises ('000s)	6,542	7,839	7,80
Production (Dm bn)	57.1	93.3	100;
Turnover (Dm bn)	60.9	97.4	103
Exports (Dm bn)	26-7	54-2	56-4
As % of production	46.8	58.1 · ·	56,8
Imports (Dm bn)	8.6	16%	19.1
As % of home supply	22,1	29.5	30.1
Gross fixed asset investment			
(Dm bn)	3.8	4.4	5.1
As C of Incoder	5.8	3.9	-49

industry is expecting an annual average increase in sales of input of the big concerns, but more than 3 per cent, and an they tend often to be quicke

from the increasing pressure to research and innovation, and in the 1980s. But studies car-ried out by the IFO Institute which fits the German mech-confirm what may be suspected. anical engineering sector very

clearly not match the research gain sales success. Further innovation in the production helping remove some of that disadvantages of scale which that the smaller companies will the smaller concerns have to come off very much second best far faced. Flexibility is the

Healthy performance, but not immune from trouble

ELECTRONICS

KEYIN DONE

THE ELECTRICAL and electronics industry has yet to be as hard-hit as other sectors of German industry, such as motor production or

chemicals, by the general slowdown in domestic economy, but recently the slower pace of new

Changes in the fortunes of the electrical industry usually trail about six months behind the movement in other major sectors, because of its place towards the end of the production pipeline, but most companies would probably have expected to have benefited to a the Federal Public's economic boom last year and in the first three months of 1980.

In 1979 output i the sector grew by some 3.5 per cent in most important branches in real terms, a disappointing orders it has received shows that result given the average 5.4 per National Association, naturally this year for a record surplus it too cannot remain immune cent expansion across the whole year. New orders for the whole

is expecting to do rather better than the average this year major companies such as Siemens and AEG, have already sounded the warning that the recovery of the first six months of 1980 cannot be expected to last.

The rate at which new orders have been flowing in has greater extent this year from dropped behind the expansion of sales and production in recent months, which inevitably means that the expansion of activity in the sector, one of the German industry, will have started to fall by the end of the

from the effects of world-wide of manufacturing industry of the electrical and electronics electronics exports—with a recession.

Although th electrical industry industry were up by some 7.8 value of DM 35.2bn—second per cent in the first months of only to the U.S., which took 21.3 1980 compared with a rise of per cent of international trade 10.9 per cent in the sector's in this sector.

turnover.

Last year the Federal Republic was still holding a slight new orders for electrical capital goods—boosted by the high level of investment spending and equipment and its share of industry—rose by some 15 per cent, demand for consumer as that gained by France (8.9 goods actually declined by per cent) and the UK (7.5 per around 3 per cent. Important segments of the consumer market are giving clear signs that the saturation point has nearly been reached, and nearly been reached, and per cent of exports went to manufacturers are having to other member states of the pay increasing attention to European Community and a fundovating new products and further 18.6 per cent to EFTA to developing the replacement (European Free Trade Area)

Despite this general trend, however, electrical consumer goods manufacturers have enjoyed a small recovery in the first half of 1980 with the value of new orders rising by 3.7 per cent to DM 11.1bn compared with a marginal decline of 0.2 per cent to DM 10.7bn in the same period of 1979. More lively demand abroad, particularly for household appliances, accounted for most of the improvement, but there was also a small nominal increase in the new orders taken in the domestic

Supported by the cushion of new orders built up last year, sales of the electrical industry moved ahead strongly in the cent to DM 51.6bn compared with a rise of only 4 per cent in the first half of 1979. This year, according to the latest figures from the West German Electrical Industry Federation, exports have jumped by 14.4 per cent to DM 16.2bn in the first six months while domestic sales have increased by 9.9 per cent to DM 35.4bn. The stronger performance of

the electrical sector in the first half is also shown by the rise of some 9.3 per cent in the industry's production, which has meant that employment too has risen slightly by 1.6 per cent to some 998,000. In terms of the size of the sector's workforce electrical and electronics groups are the second biggest employers in the Federal Republic, after mechanical engineering. The recovery in the industry's fortunes means that since the summer of 1979 the number of jobs in the electrical industry has started to rise again slowly after a decline that lasted several years.

Ominously, however, this trend could be short lived, as the level of capacity at which electrical companies are operating across the industry has started to slip, falling from a peak of 85 per cent in March to 80.5 per cent by the end of June. It is again the weaknesses of consumer electrical and electronics products which are most exposed to the challenge of imports, particularly from the Far East, that is undermin-ing plant operating levels. In the capital goods sector companies were still working at around \$4.3 per cent of capacity by the middle of the year, and new jobs are still being created in fast-growing areas such as computers and data processing. For some time the most successful areas of the German electrical industry have been the manufacture of telecommunications and measuring and control equipment, which even in the second quarter of the year reported production increases of as much as 15.7 per cent and 12.8 per cent respectively. Production in the comproducts area also climbed by 9 per cent in the second quarter, but activity in the area of power generation equipment appears to have reached its peak. Whatever its problems in

specific sectors, the West German electrical and electronics industry is still a major powerhouse of the economy and will provide one of the keys to the Federal Republic, raising its overall level of exports in order to cut back the massive deficit on the current account of the balance of payments. In 1979 it accounted for 18.6 per cent free world electrical and

German manufacturing world markets in this sector was more than twice as large cent). German electrical manufacturers' main markets are found in the neighbouring countries of Western Europe-46.2 members — while only a tiny penetration of the Japanese market has been achieved with less than 1 per cent of West German electrical exports going

to Japan. As with last year imports to the German market are still growing faster in 1980 than exports, and here Japan is inevitably playing a major role, particularly in some sensitive areas of consumer electronics which have been virtually taken over by imports from the Far East. Japan accounted for 10.3 per cent of electrical and electronics imports to the Federal Republic last year with a value of DM 2.3bn, against West German exports to Japan in this sector of DM 316m.

At a company level the although losses this year condevelopment of the West Gerestill be as high as DM 200 At a company level the man electrical and electronics sector has been marked in ahead of AEG, particularly recent years by the wide dis-foreign markets where parity in the performance of the two biggest groups in the industry, Siemens and AEG-Telefunken.

Siemens has had its setbacks, chiefly brought about by the slump in power station building in Germany and elsewhere which has hit its important subsidiary Kraftwerk Union, but it has still grown strongly against fierce world competition. It is the fifth largest electrical group in the world and is expanding in its domestic and fore quickly its activities in the U.S., markets.

the world's most important man-ket for electrical goods and equipment. Even its nuclear power station building activities have received a major boost this year with final agreement being reached with Argentina for the construction of the DM 1.5hn Atucha II power station.

Exhausted

By contrast, AEG-Telefunken was brought close to collapse last year after years of losses had virtually exhausted its financial reserves. Fighting against time the group was given hope for the future bya massive financial re-structur, ing which involved the pumping in of nearly DM 1bn of new capital by its shareholder (which now comprise virtually all the major banks in Wes-Germany) along with further financial support from insurance groups and major West Germa industrial concerns.

The AEG rescue was an extra ordinary example of the read ness of the private sector Germany to pool its resource in supporting one of its alli members. It was also a maj demonstration of the power the big banks in the Feder Republic to take the leading r in the formulation and pract of German industrial strate This year, however, under

new chairman, Herr He

Duerr, the group has appear to make some progress towar a return to profitability in 19 Major problems are urgently needs to increase local manufacturing presen But the greatest question m hanging over its future must whether its recovery will halted, almost before it has I the ground, by the grow recession in West Germany elsewhere. In its still weaker state it is far from being w prepared to live through a p longed decline in demand electrical and electronics go

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Falling production expected to give way to growth

CHEMICALS

KEVIN DONE

THE SUMMER months have been unhappy ones for the West German chemicals industry as it has been overtaken by the recession hitting some of its most important markets. Falling sales and production have begun to bite deeply into profitability, output at some plants has sunk to such a level that several thousand workers are being put on to short-time company executives the industry's immediate pros-

After enjoying a record year in 1979, the West German chemicals industry, the largest in Western Europe and the biggest chemicals exporter in the world, had in any case been expecting only modest growth in 1980. After expanding pro-duction by 5.6 per cent in 1979 and 5 per cent in real terms in -1978, chemicals manufacturers had set their sights more cautiously this year on real growth of around 2 per cent, but even this target looks like proving over-optimistic.

- Preoccupied

.The volume of production will show a steeper fall as the size of the industry's turnover prices imposed for many pro-ducts in the wake of the dramatic surge in the cost of energy and oil-based feedstocks. Chemicals producers have become increasingly preoccupied with the problems of passing on the rapidly rising costs of raw materials to their customers especially as they see little chance even in the longterm of switching significantly

to other feedstocks. With the slump in demand in Bayer, another of the "big recent months from important three" West German chemicals customer sectors, such as the automobile, building and textiles industries, however, the most immediate goal has been to try to hold current price levels and to stop the price erosion caused by the fierce international competition in a

shrinking market.

customers have now chosen to other industrial sectors by the all, derives as much as 70 per privately by German concerns draw down stocks rather than confident margin it did in the cent of its annual turnover from and institutions between 1974 place new orders.

1960s and 1970s. Most com- foreign markets in the form and 1979, no less than 14.7 per

chiefly hit organic chemicaols, and especially plastics and fibres, dyestuffs and dyestuffs raw materials. Production of organic industrial chemicals, after rising in the first three months of the year, suddenly went into steep decline with falls of between 10 and nearly 17 per cent in the four months from April to July.

The fall is made to look particularly sharp because last year the chemicals industry enjoyed something of a freak year in which the normal seasonal dip in demand in the summer months did not occur. What chemicals executives are profoundly uncertain about now asking themselves is industry's immediate pros- whether this autumn the indus-ITY can pull out of the summer trough or whether the recession

is going to deepen further. Preliminary estimates from some of the sector's biggest con-cerns suggest that September has indeed proved better than expected; sales were only around last year's level, but at least the rot had been halted. Other companies are not se optimistic and are still not expecting much of a turn round until perhaps the second quarter of next year.

The fall in demand has had a drastic effect on the operating evels of some of the industry's plant. Hoechst, the second largest chemicals group in West Germany has seen operations at its plants in the Federal Republic fall from 85 per cent of capacity in the first quarter to 80 per cent in the second quarter, and then to an average of only 65 per cent in the third

Some plants, particularly in the dyestuffs sector, have been working at levels as low as only is here that Hoechst has been forced to introduce short-time working for nearly 3,000 emplovees.

groups, has found itself

Whatever about the short-term outlook, an enviably strong home market however, the chemicals indus-try is still confident that it can The sectors that have been look forward to growth rates hardest hit are precisely those in the 1980s that will be above which last year showed the the average expansion of the strongest growth, product areas German economy although it that are highly dependent on will no longer be able to out-

building an average real growth chemicals production into their of sales coming from outside strategies for the 1980s.

The German chemicals industry may not employ as many people—just under 550,000—as the other major industrial facture, mechanical engineer-ing and the electrical and electronics industry, but it does rival them in terms of its annual turnover and it has

account of management of the present chemicals groups in the world in terms of sales, outstripping even international rivals of the stature of Du Pont and Dow of the U.S. and ICI of the UK. of money it has invested some \$190m represent the com-Bayer, perhaps the most directly in foreign markets. Of pany's largest single capital internationally-minded of them the DM 33.8bn invested abroad project to date anywhere in the

recession has therefore pany planners appear to be either of exports er local manuof around 4 per cent a year for not far behind with 68 per cent

Germany.

BASF has traditionally been the member of the triumvirate which has kept closest to home markets—a factor determined perhaps by its much greater involvement in basic petro-chemicals and oil, gas and coal production and processing—but more than half of its sales are sive in the post-war years in the middle of a major reorganisation of management its drive for international responsibilities at the texture expansion.

> try is far ahead of all other industrial sectors in West Germany in terms of the amount

either of exports or local manu-cent was accounted for by facture abroad and Hoechst is chemicals and pharmaceuticals companies, against 9.7 per cent try, and only 5.7 per cent by the motor vehicle industry.

A group such as Hoechst. with sales worldwide expected this year of around DM 29bn, has an investment programme worth some DM 1.8bn in 1980 in progress and next year is planning to sanction future expenditure of some DM 2.16bn, of which 40 per cent will be spent abroad. Its main foreign investment targets are other West European countries, which will take some 19 per cent of the total, and North America, which has been earmarked for some 12 per cent of the total

Already this year Hoechst had brought on stream two plants in Texas for the production of polyethylene and styrene monomer, which at a cost of

The completion of these plants inevitably means something of a shift in investment emphasis, but last year, North America accounted for some 24 by the nearest rival, the per cent of group capital spend-electrical and electronics indus- ing with West Germany taking ing with West Germany taking only some 52 per cent.

Original research

The drive to establish such a strong presence abroad has come from the need to operate close to the customer in the world's biggest chemicals markets, such as the U.S., and also from the necessity of drawing on original research work from around the world, particularly for developing new products in sectors such as pharmaceuticals and agrochemicals.

But it is also true that foreign manufacture has allowed the German chemicals companies to get around some of the very high costs associated manufacture in the Federal Republic.

Apart from the feedstock cost advantages enjoyed by the U.S. chemicals companies, West

public last year were also 27.9 per cent higher than in the U.S. lation is based on an average exchange rate of DM 1.83 to the dollar last year.)

sharply, partly as a result of plastics and fibres.
exchange movements, but also West German because of the rapid increase in West German industry's social that the recession this time costs. These are now double the round will not be as serious as

Despite the high level of investment abroad, the West German chemicals industry is also balance of trade with imports will begin the new year on the last year totalling DM 24bn. valley bottom and all will de-Imports this year, however, have pend on at what point a revival

German chemicals groups claim
that labour costs in the chemicals industry in the Federal Reason pharmaceuticals and agrochemicals, where German companies can bring the strength of Hourly costs were \$13.20 against their impressive research and \$10.32 in the U.S. (The calcu-development effort to bear. It is also sectors such as these which provide the industry with its most stable source of re-venues and which are not so panies' labour costs first began to outpace the U.S. in 1975.

Since then the gap has widened sharply parily are the big commodity chemicals, such as

West German chemicals

manufacturers are confident

the one that followed the 1973-1974 oil price increases, but they have been disturbed by the setbacks of recent months. the biggest exporter of chemicals in the world from its home fact that we are looking with base, with exports last year of some anxiety at 1981," says Pro-some DM 44bn—equal to 14 per fessor Rolf Sammet, chief cent of the Federal Republic's executive of Hoechst. "From total exports. The industry has the way the economy is going a healthily large surplus on its it is perfectly possible that we

Imports erode a traditionally domestic market

MOTOR INDUSTRY

KEVIN DONE

CONFRONTED by a flagging domestic economy, recession in important export markets and concerted attack by the Japanese on their home sales, West German motor vehicle manufacturers are having to ask themselves some awkward questions about how they are survive the rigours of the

After five boom years, jobs in some parts of the industry have started to look distinctly vulnerable and imports have increasingly begun to eat into also put several thousand marked chiefly by west communication on to short-time motorists' traditional loyalty to domestic products. The Federal Republic's car makers have had -less than a quarter of sales have fallen to importers—with a higher level of car ownership (one for every 2.7 inhabitants) than in any other part of

of last year's record production of just under 4m cars were sold in foreign markets—the West German motor vehicle industry has built itself into one of the major pillars of the Federal Republic's economy. As many as one in seven workers in the country are dependent, directly or indirectly, on the industry for their jobs.

All manufacturers accepted that, after the prolonged boom of the second half of the 1970s, demand would have to weaken, but most have been taken by surprise at the sharpness of the fall in sales this year. What should have been a gentle cyclical dip in demand has been worsened by the fact that it has coincided with a widening world recession and that it is occurring at a time when the Japanese car industry has itself chosen to mount a major assault the German market, the richest prize in Europe.

The turning point in the domestic market came as long ago as mid 1979, but a hectic final spurt of activity in the first half of the year, combined with continuing strong demand from foreign markets, meant

last year. At the same time new car registrations within the Federal Republic only slipped back marginally to 2.62m from the peak achieved in 1978.

Registrations slump

But in 1980 it has been a different story. The motor industry has been the harbinger of a general slowing down in the West German economy and in the first eight months of the year new car registrations have slumped by 10.4 per cent to only 1.74m units. Matters have been aggravated for most domestic manufacturers, however, by the sharp incursions the Japanese have been making into this shrinking market, taking 9.9 per cent of new car sales from January to August as against a share of only 5.4 per cent in the same period last

Apart from the Japanese, only Daimler-Benz among the domestic manufacturers has been able to buck the trend by lifting its sales in the German market this year. The Stuttgartbased manufacturer of one of the world's most prestigious cars has been able to live off that are highly dependent on will no longer be able to out. With success, too, in export German car production still such a backlog of orders that Herr Schmücker accepts that cannot expect to equalise their oil as a feedstock and where strip the growth rates of most markets—more than 50 per cent rose to a record level of 3.93m it is cushioned from all but the at the moment the Japanese cost disadvantages at the cost

the attack by Japanese imports. They had presumed, a triffe arrogantly, that their technolo-sical lead and the "super-iority" of German products could still hold the loyalty of most German car buyers. Last year the ground gained by

Japanese imports was indeed largely at the cost of other importers, chiefly the French and the Italians, but this year the German car manufacturers themselves have had to start making room for their Japanese

executive of Volkswagen, the Federal Republic, admits: "We can no longer flatter ourselves that we have a clear lead in quality over the Japanese." With major car plants in West Germany shut down for the summer break the Japanese Absenteeism is also higher took as much as 15 per cent of among assembly line workers the car market in August, an in Germany than in Japan. abnormal month perhaps, but it shows the direction in which the industry is heading.

cannot be beaten on price but of At first most other German along with other industry The growing problems of com-car makers thought that they leaders he is currently engaged peting with Far East manutoo were largely insulated from in an intensive campaign to facturers could make this year's convince car workers of the wage round particularly difficult seriousness of the problems the for the car makers. industry is facing and to pre-pare them for the "sacrifices"

> pany, giving them a big price advantage in western markets, costs) amounts to around year as against just under 2,000 hours a year worked by his Japanese opposite number.

The trade unions have already started to make it plain, however, that the car companies

In the first eight months of this year as the German market needed to try to close the gap. has flagged total imports have Currently the car industry risen to some 481,950 cars, equal reckons that the Japanese can to 27.7 per cent of the market build a car for about 20 per compared with only 24.5 per cent less than a German com- cent in the same period last year. The chief response by German manufacturers to date even when the transport costs has been to underline their comfrom Japan to Europe and the mitment to the industry's very U.S. are taken into account. ambitious investment pro-Hourly wage costs in the gramme which is aiming both at Federal Republic's motor indus-new model programmes and at Herr Toni Schmücker, chief try (the basic wage plus social rationalising production methods with DM 25 against only about DM 15 emphasis on automation and the in Japan. In addition the use of robots. The automobile German car worker puts in industry expects capital expendifewer hours, about 1,600 hours ture to jump this year to DM9.5bn compared DM7.4bn in 1979 and DM5.7bn in 1978. Expenditure this year will be about a third higher than the investment planned by the Japanese industry and it is clear that companies are bracing themselves to make a major

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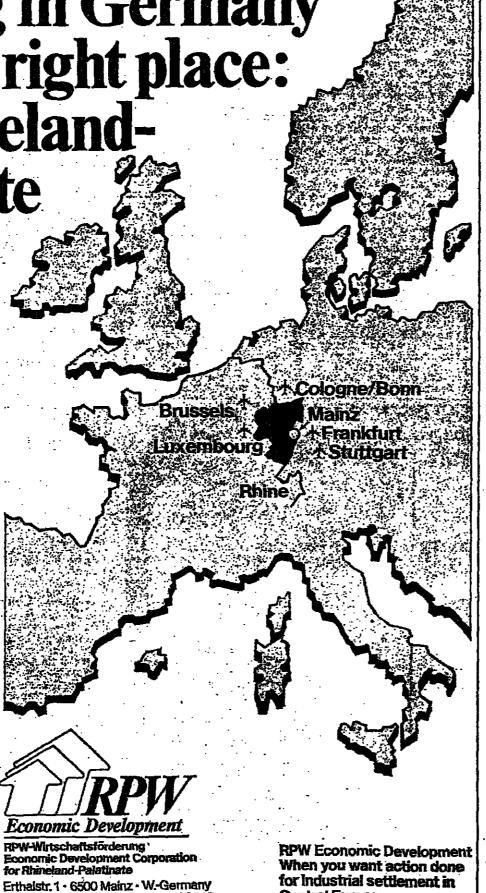
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English into German

WEST GERMANY XIV

Quota threat from EEC unites producers

STEEL

ROGER BOYES

nosed competition, was shocked into unity earlier this month by the threat of compulsory production quotas being applied by the European Commission. evangelistic call

German steelmakers has long een: "Brethren, let us return ree market, where the efficient can prosper and the lame ducks fall by the wayside." German producers, need it be

As a result, the prospect of European impose compulsory production enuinely snook the German industrialists. The Government too was concerned but it had varning the industry that if it did not get its house in order the Commission would be driven into introducing compulsory measures, if only as a bridging measure until the niddle of next year when a voluntary crisis cartel could be

But how long the current emblance of unity among German steel producers can last is open to question. They may now be prepared to toe line on a voluntary cartel, only to avoid something worse, but their inclination is to let it die a natural death.

Sceptical

steelmakers about the sceptical Davignon Plan-named after ts architect, the European Industry Commissioner—right from its inception in 1976-77. The idea of the scheme was to agreed crude steel production levels, by a system of minimum price levels and by finished proluct steel targets. The Germans such a scheme would become a permanent feature of the andscape and would be used by fundamentally inefficient producers—Britain and France, out-of-date State funds.

In the event, however, breathing space provided by benefited who seized the restructure relatively painlessly. Nonetheless, it was clear to them that necessary voluntary collapsed because of cheap imports and the shrinking market.

By the summer of this year the Commission had to suspend the last remaining enforceable minimum price for hot-rolled steel coil, the basic material for flat steel used by the car in-dustry. Because of the declining market-induced by the recession and a general slowdown in the key motor sector—the Commission's minimum price was

well above market levels. Meanwhile holes were also being torn in the Davignon production quotas. After a sharp drop in consumption—but with production levels still roughly as high as in 1979, a boom year the Commission announced that European steel-makers should agree to cut production by 13 per cent in the final quarter of 1980. Otherwise, it said, there would be chronic over-production and prices would tumble out of control. Initially most German pro-

ducers were prepared to play

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they penalised the German companies for their efficiency. This was a counsel of perfection, as many producers were able to claim that they were a special case. The Italian steel industry said it was willing to cut its production but only from a much higher production base which it claimed made an unfair comparison. The net result is that Italian output is expected

penetrated much of the German market. Meanwhile Kloeckner-Werke also claimed that it was being discriminated against by the production restraints of the cartel. The German producers had agreed to fix their quotas in Bremen plant fully on stream

at its present high levels. Cheap

Italian imports have this year

mated DM 100m a year. Kloeckner thus felt no longer bound by the quotas and there ensued a row with the German which insisted that the company provide its exact production

plant is only able to work at a

been at least temporarily healed. Kloeckner is back in would almost certainly be more — and is prepared to discuss the formation of a revised and more realistic form of voluntary cartel. Apart from giving Kloeckner higher production quotas, this new cartel —said Dr. Herbert Gienow, Kloeckner chairman recentlycould have a joint European sales office. That would go some towards accusations of price-cutting.

The fact is that for all the reformed voluntary companies' interests, at least as hoped, in 1983. But as Dr. Gerhard Ollig, the Economic Ministry's steel expert, indithe help of to accept that there has been a structural shift to Third World steelmakers and that there has to be considerable rethinking about the role of European steel

This points in only one direction - further rationalisation, streamlining and diversification increased research into new uses for steel and new energy-saving techniques. If the voluntary cartel can allow the producers to reorganise their workforce without mass redundancies, then so much the better.

Rationalisation within German steel industry has begun to take an interesting new shape. Thus Krupp and Hoesch are investigating ways of streamlining future production and eliminating production overlaps. It has been suggested, for example, that Hoesch might be prepared to shed its old-fashioned Siemens Martins plants much more quickly than planned and thus allow Krupp jump in to take over some of Hoesch's crude steel production customers. In return rolled steel orders that normally steel would have been placed with Krupp could be placed with

Thus two arch-rivals, in the face of the steel crisis, have come to a remarkable live andlet-live agreement. There is, they stress, no question of a

along with this but they in- merger and the companies will assistance—the Hoesch case was sisted that such quotas would compete in the special steels simply a more blatant example have to be fairly imposed and area (which is playing an than most not applied in such a way that increasing role in Krupp's product mix).

These plans are still fairly tentative but many steel prorevival in steel demand to put their financial houses in order. This in turn will make diversi-fication and consolidation of existing non-steel subsidiaries Thus Salzgitter, the State-owned to good results in the crude steel division—to reach a balanced result last year for the the largest and most successful German steel group, increased profits from DM 167m and Roeckner used the pick-up in steel demand to

Unease

While most German steel mpanies genuinely welcomed Kloeckner's capital write-down and restocking, there is still a lingering feeling of unease about the way it behaved. Dr. Detlev Rohwedder, chairman of criticised Kloeckner, for example for undermining

isation which it believes could

take it out of the red this year

and perhaps enable it to resume

dividend payments next year.

But Herr Rohwedder himself has come in for criticism from other German steel companies After some intensive lobbying by Herr Rohwedder-a former State Secretary in the Econorecently given cheap loans worth DM 240m by the Federal Research and Technology Ministry and the State of North Rhine-Westphalia. will go towards the replacement of the three Siemens Martin plants by a single new oxygen-

This form of subsidy is not in itself remarkable, certainly the standards of other that the company could have carried out the same replace-

German steel companies have competitors — subsidies they claim are being used to prop up outdated structures Yet German producers have now become bankers will think twice about surprisingly dependent on underwriting further

Thus steel concerns are entitled to providential State grants towards the installation of blast furnace filters statutory requirement. At least three major steel groups have diversified into shipbuilding and as a result all have benefited shipyards programme and from other coastal State relief

AEROSP!

Nonetheless German sted companies have not been slow to cut back capacity and t breathing space." the Davignon plan. steel capacity by some 10m tonnes and 120,000 jobs have gone-largely through natural This has made for a generally efficient industry.

But it is still sumption in Europe and the U: situation further combi ested by the U.S. anti-dummin suits invoked against Europe from non-EEC countries espe ally have grown over the p six years.

ing on a recovery in demand 1983-84 as the Western work moves out of recession and struction industry. But how the industry to survive in uncertainty surrounding Davignon scheme, and costs at on the increase (most workers settled for around Z cent in the last wage round an wage claims are expected to in excess of 10 per cent.

Above all, the banks are. ning to be concerned indeed have started to play large role recently in persuadi the German steel companies reconcile their differences. the one hand the banks estim: that German steel product will fall by only 2m tonnes 1979 to reach 44m tonnes to in the motor, shipbuilding a construction major steel consumers reporting troubled times. Steep prospects of a 1974-type to covery are looking slim. Clean the time is approaching

Motor industry

CONTINUED FROM PREVIOUS PAGE

financial effort to close the comin the late summer by For

petitive gap in the 1980s. While car sales have fallen this year hitting manufacturers and components suppliers alike. there has been one bright spot on the scene. This is continuing strong performance of German commercial vehicles, which so far have shown little sign of being overcome either by the slowing down of the domestic economy or by the recession

The onset of the recession and the advent of higher energy prices has had an important impact, however, on the car market and especially on sales of larger saloons of two-litre capacity and above. The greater consciousness of the importance of fuel economy has brought about a substantial shift in buying patterns which has hit three manufacturers in particular, Ford, Opel, the West German subsidiary of General Motors, and Audi, the Volkswagen subsidiary.

Both Opel and Ford have been car, the Kadett, which forced to cut back their work launched last year. Output forces in recent weeks after long periods of short-time working, and Audi too has had to go in for short-time working this autumn as domestic sales of its Audi 100 model have plummetted by 38 per cent in the the market which has sho first eight months.

The slump of sales of some of the larger Ford and Opel models has been equally dramatic. New registrations of Opel's Rekord fell by 34 per cent in the first eight months of the year from 182,108 to 106,801, sales of the Ascona fell by nearly 33 per cent while demand for the larger Commodore and Mouza models slumped by around 65 per cent. At Ford similar figures have been reported. Sales of the Granada in the eight months to the end of August were 52 per cent below last year's level, and Capri registrations dropped by 41 per cent in the same period.

The plunge in sales of the larger cars has led to the first redundancies in the German motor industry for several

years. First Opel cut 5,900 jobs from its Rüsselsheim works near

Frankfurt and this was followed

redundancies, measures t have cost Opel around DM 9 and Ford about DM 135m. Limited _ The profitability of both co panies has plunged as dran tically as their sales and Or has warned that it might w turn in a loss this year. T drop in profits is coming a particularly sensitive mom when both companies

involved in major investme programmes. Opel is spendi some DM 6bn from 1979-13

on new model programmes

move to cut the workforce at

Cologne and Duren plants

6,000. Both companies

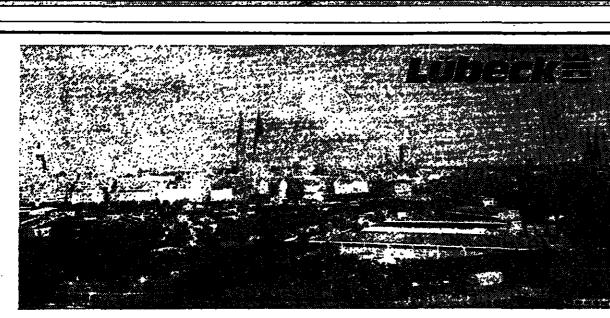
employed a similar formula

early retirement and volunt

the rationalisation and exp sion of production Ironically for Opel while has been laying people off fr the production lines of its lar models, it has been unable satisfy demand for its new sn continue to be limited new components plants

been commissioned Ford, on the other hand, suffered from its lack of a competitor in the one part some life in recent mont namely the smaller medit sized models, which have be dominated by Opel's Kade Volkswagen's Golf and a host imported cars. This major 1: has now been corrected withe launch of the new F Escort, but the new model not come a moment too and its success is crucial Ford's survival and its char

of winning back some of dwindling share of the mark Germany's motor industry! far from pessimistic about chances in the 1980s and in home market it still expects average growth of around 2 cent a year over the ne decade, despite the prese recession. Opel has already s gested that the lowest point the decline of demand may ha been reached and it was si prised by the strength of deal demand in July and August.



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WEST GERMANY XV

The Government hopes that economy of scale will allow the industry to compete more effectively in the world market, but its long-laid plans have yet to come to fruition.

Merger still shuffling to conclusion

AEROSPACE.

ROGER BOYES

LOWLY, step by painful step. Vest Germany's two leading prospace concerns are edging owards a long-awaited merger hat will, in Bonn's view, create n internationally competitive izeraft industry. That was the tory three years ago and it is he story now; rarely can a merer have been so tortuous; so lear in its conception, and yet o baroque in its implementa-

The idea was simple enough.
The idea was north-south indicated th traggling to keep alive an uninstable partnership

"Ponn feared the worst - jobs bre threatened in the north, was unnecessary and tre deplication of work be-free MBB and VFW, and the recomment was becoming reply involved financially in g FW. The answer was a merger, ith MBB taking over VFW, robably for a token sum, and an moulding the two commines into a dynamic new Euro-

It was, as they say in airport isaster films, all 'systems go.

int, as regular filmgoers will

how, that is the point where

ie problems begin.

Marriage

mriage with Fokker - but the vo sides of the partnership aggled for more than two years bout how to assess the financial abilities of the two sides and i valuing their assets.

After 10 years of partnership. he VFW-Fokker group con- German aerospace industry. sted of holding companies in Iolland and Germany which

Under the terms of the breakIntense negotiations between the main VFW shareholders followed and the result was a deal which seemed to bring the nding the ill-starred VFW-614 rogramme. Only 16 of these hort-haul aircraft were sold and ney provided the clearest most

a divorce. Fokker however will not repay Government guaranteed credits of DM 280m taken up to finance the VFW-614 production. Moreover, it is only prepared to pay back its half of the DM 83.6m loan if it achieves profits of at least F110m a year between 1980 and 1987.

An expensive divorce then, in terms of continuing liabilities for VFW and for the German Government. Yet the difficult disengagement negotiations were paralleled by the astonishing success story of the European Airbus A-300, which has seen sales soar even in relatively untried markets like the Middle East. Against all expectations,

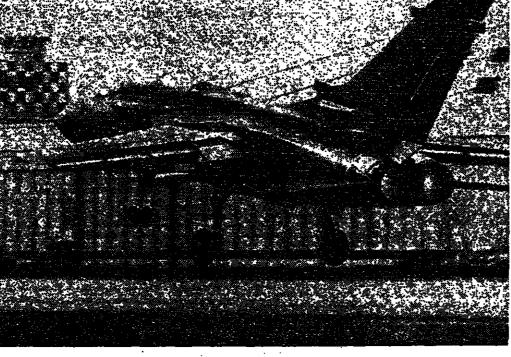
quences. In the first place it made VFW shareholders ex-tremely reluctant to sell out cheaply to MBB, and secondly, it ensured that there would be a long bargaining period with MBB not just about price but also about future division of

labour. Net effect: yet further delays on the road towards a merged concern, and growing irritation on the part of the Bonn Govern-

The original notion was for two of the principal VFW share-holders. United Technologies and Krupp, to sell their stakes to the other major shareholder, the City of Bremen. Bremen would then sell the lot to MBB and the merger would be com-

Although this idea, conveived by the Government, had a cer-In the first place VFW had tain elegance, it overlooked the free itself from its troubled interests of United Technologies and to a lesser extent those of Krupp. It was auto-matically assumed that UTC would sell out but in fact its first reaction was to hang on to its stake (26.4 per cent), and to negotiate a part in the new is was far from easy and far European aerospace concern, secondly, the valuation of VFW rom comfortable, as both sides especially building up its heliad become closely intertwined. copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one copter co-operation with the one and UTC, for the first time copter co-operation with the one and UTC, for the first time copter co-operation with the one copter co-operation with the copter co-operati

folland and Germany when ach had a half-share in a central holding company based in stake in the new merged compassed for. This in turn ran pany which after all was supposed to compete with the U.S. Government: the last thing it



The first pre-production Tornado multi-role combat aircraft on its first flight at MBB's Manching facility

be determined after an inde-pendent valuation had been made of VFW, and Krupp would co-ordinate all three holdings This still did not solve the

dilemma of a U.S. presence in the new company even if Krupp co-ordinated the 10 per cent holding and held a super-visory board seat—its long-standing wish. United Technologies could still theoretically cause difficulties if, for example, it came to the strategic planning of a helicopter sales drive in the U.S.

Side-stepped

This particular burdle was crossed, or at least side-stepped. last month when UTC agreed to sell its VFW stake to Krupp. Kripp, the steel and engineering group, now holds 61.6 per cept of VFW and is in a position to dictate terms to MBB.

The consensus of opinion is that it has made the merger easier and has almost certainly guaranteed Krupp that coveted seat on the supervisory board. But why should United Technologies have caved in so suddenly after holding part of VFW for some 20 years? UTC itself issued a statement.

full of breezy altruism: it no longer wanted to stand in the way of the foundation of the new German aerospace industry. There are likely to have been two other motives. In the first place, it realised that some of its more limited objectives such as helicopter co-operation with Europe—could be achieved just as well through the vehicle of joint ventures with MBB. Secondly, the valuation of VFW in several years, looked as if it vould get a good pri

26.4 per cent stake.

sell VFW to MBB in return for a pendent valuation puts VFW's 10 per cent holding in the new worth at DM250m, but MBB is concern. The asking price would keen that the costs of the divorce keen that the costs of the divorce from Fokker are taken into account and that the asking price be pushed below DM 200m.
This has led to considerable

hitterness in the recent phase of the merger talks which have otherwise been distinguished more by fatigue than acrimony. MBB has repeatedly said this summer that the merger is on the brink of being clinched and that the valuation costs are a mere formality. VFW's shareholders however feel far more strongly about the matter and fear that MBB is trying to stampede them into accepting a

pede them into accepting a lower price. Indeed the Bonn Government has been putting a degree of pressure on Bremen—as a VFW shareholder—to agree soon on a valuation and speed up the proceedings But Bremen has other worries-above all it is con-cerned that VFW might be excluded from the design and systems management in the new merged concern. If VFW becomes simply a production adjunct of MBB, dependent on whatever surplus contracts can be steered its way from the Munich-based company, then jobs will be threatened and

some of its undoubtable techno-logical expertise could well be cipal problems now facing the merger—can VFW and MBB agree on a common evaluation of VFW's assets and can VFW secure an equitable division of labour within the merged con-

MBB executives are talking of the merger being clinched by Christmas, but the same cry was heard (albeit from different quarters) last summer and the

summer before. One niggling doubt remains. tives. Even if it comes off, will it all be worth it? The combined

up years. MBB recorded DM44bn worth of net profits last year and VFW pushed its profits up to DM9.8m, but it is not at all clear that profit growth will be able to keep pace with the substantial sales increases

expected.

Will the concern be flexible enough to respond to market developments, especially given the strong state interests in the two companies? Apart from Bremen's stake in VFW, both Hamburg and Bavaria have a 43 per cent share in MBB. All of them will be sharply watching to ensure that any streamlining of production does not create an excessive amount of unemploy-

ment in their states.

The Bonn Government does not view this as a major problem and argues that both Hamburg and Bavaria have shown themselves to be particularly accomm dating shareholders in

Rising costs

The only other shadow over the future of the new concern is one shared by other European aerospace companies: that of rising material and design costs on the one hand and sharp over-seas competition on the other. The soaring costs have been felt in both civil and military divi-sions—with the Tornado multi-role combat aircraft price reaching an estimated DM 67m compared to DM 15m, when it was conceived 10 years ago. Moreover the European Airbus is not expected to break even

for some years yet. The West German Govern ment is under no illusion that the merger offers a panacea, but the immediate answer to the cost problem is in size, that is both economy of scale and breadth of ambition.

The new industry. Bonn beyond the negotiating details The price however will not be finalised until both MBB and VFW agree on a mutually acceptable valuation of the Bremen company. This then is another sticking point in the merger negotiations, The inde-

Production continues to rise despite incentives

AGRICULTURE

JOHN CHERRINGTON

THE British Government has been pressing for some time for EEC member states who create surpluses which become a charge on Community funds to carry some of the load them-incre selves. These sentiments did 1975. raise an echo in West Germany year or so ago. Herr Josef Ertl, West German

Minister of Agriculture, was then making statesmanlike noises when attacking the mani-fest disadvantages of the Common Agricultural Policy. At the same time Baron Recrethe same time Baron Heeremann, leader for 10 years of the German Farmers Union (DBV) was suggesting that some discipline should be imposed on chronic overproduction. However, the approach of the electrons where the proportion of these cattle is over 70 per cent as against 44 per cent in Germany.

Protection

The certainty of increasing in dairy production is production. of the elections appears to have muted these sentiments, and in any case, West German farmers have reacted to all such exhortation and even financial induce-ment by producing more and

tion in the number of producers take more European Combut there has been almost no reduction in the number of cern is not confined to dairy dairy cows and production continues to increase. In fact from the period January to July 1980, West German milk deliveries to dairles rose by 5 per cent con-tinuing a trend which has been evident for the last decade.

cows were removed from the national herd without, however, making any difference to the total census figure. What seems

their departure coincided with improvement has been because rearing increasing numbers on of the price incentive, again remaining farms. thanks to the MCA which

his counterpart in the Netherlands, where much of the milk Holstein. is produced from compounds the German dairy farmer was have been adopted over the producing almost entirely from his own farm resources of fodder. But by 1978 the pro-duction of cattle compounds had increased by 60 per cent over

1975.
Yield per cow has been increasing too, and once the existing breeds are gradually replaced by the Black and White Holstein, yields will undoubtedly approach those of Holland and the UK, where the proportion of these cattle is over 70 per cent as against 44

which provides a measure of protection through the monetary compensation system. This at present means a levy of 9 per cent on farm imports from other member states. This is bitterly resented by traditional exporting countries such as This is particularly the case exporting countries such as in dairy farming. There has, it Holland and Denmark, who is true, been a significant reduc-believe that Germany should

The German pig industry is very well developed, with about three times the numbers in the UK. Germany is still a net im-porter of pigmeat, but the scope for expansion is there, together This is in spite of the fact with the fact that very large that German farmers were fore-quantities of potatoes are grown

to have happened is that the the Community and in 1978 but they would soon adapt cows removed were either reached an all-time high of themselves to changed circumpassed on to other farmers or 23.9m tonnes. Part of the stances.

There was a time when Herr enabled new techniques of Ertl was claiming that, unlike cereal growing to be practised, particularly Schleswig

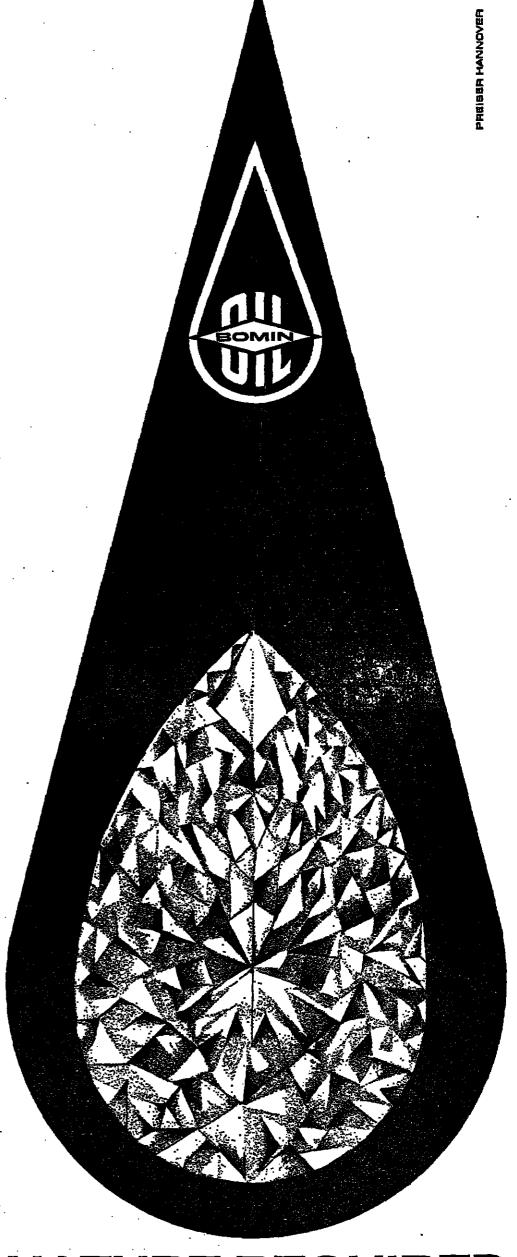
But now that these methods whole country, it is probable that the consequent overproduction will be impossible to reverse. Once farmers every-where have learned high-output farming, any disincentive by means of lower prices would probably stimulate them to pro-

duce even more.

It is frequently said that the problem of German and EEC overproduction for that matter is the stimulation offered by the high prices needed to the mass of very small farmers which make up the whole. Once the small and part-time farmers are eliminated, by going into industry or retirement, a leaner, harder agriculture will take its place: one which will be able

to accept lower prices and s lessen the cost of the CAP. This is a fallacious argument Already some 80 per cent of German production comes from a minority of full-time farmers and it is from this sector that the increased output will come. The part-timers, with secondary jobs to cushion them, are prob-ably less driven by the necessity to force production to the maximum to make ends meet. Where they fit into the German scheme of things is to provide a stable social base to the population as a contrast to the increasing industrialisation in

the towns Nor is it sensible to believe that the elimination of the MCA that German farmers were fore-most in taking advantage of the EEC schemes for going out of milk production by means of which, since 1977, some 500,000 system. protection would cause a fall in Cereal growing has in no way as that in any other member been limited by the small country. The MCA arrange average farm size. Overall production is the second highest in rather more easy for farmers, the Community and in 1978 but they would soon adapt resched an all-time high, of themselves to the resched discounters.



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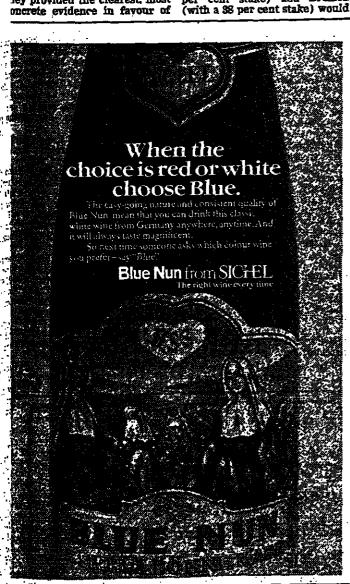
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SOUTH GERMANY

On this and the next page, Financial Times writers profile six leading figures in West German affairs.

Gerhard Stoltenberg

most State, Schleswig Holstein, exudes a sense of self-discipline Minister. and well-brushed sleckness. It was But behind the cool facade Stoltenber there is a glowing ambition have suffered too badly from which radiates from him like being identified with the losing light through a lampshade—he candidate, is a man on the move.

It was Dr. Stoltenberg who light through a !ampshade—he

is a man on the move. The silver-haired politician career that has been studded with clever and politically expedient decisions. make a bid for the leadership of the Christian Democratic opposition now that Herr Franz Josef Strauss has been defeated in this month's general elec-tion? Or should he mark time in Schleswig Holstein, stand clear of the in-fighting and throw in his lot with the bloodied successor to Herr

It is significant tribute to his tactics and timing.

up and coming politician now for more than two decades. He was once the youngest member of the Schleswig Holstein Parliament, the youngest member, at 29, of the Federal Parliament, the youngest member of the Cabinet (as Science and Research Minister) under Chancellor Ludwig Erhard, chairman of the CDU youth organisation at the age of 27. Now he is 52 and still has time

The problem is: did Dr. of Baden Wuerrtiemberg and Stoltenberg wreck his immediate chances of party leadership—and ultimately perhaps most street corners. Secondly, the Chancellorship of Germany he asserted himself as a televi-—by lining himself up so sion politician per excellence. closely with Herr Strauss in the Friends say that Dr. Stolten latest general election cam-

Once viewed as a rival to talking to people as if they Herr Strauss, Dr. Stoltenberg were in a public meeting. Each was wooed over to the Bavar-ian's side in early summer. By the end of the summer, Herr Stoltenberg is waiting for a vote

October morning Herr Eugen Loderer, head of the IG Metall

Suttgart picket lines just being

Bosch. The idea was partly to

show solidarity for a strike that

was unique in post-war German

labour relations—it was the first industrial dispute to be fought over working conditions

But Herr Loderer had another motive. He wanted to check on the fiery strike leader, Herr Franz Steinkuehler, the district

organiser who was running his first strike at the age of 35—and this in an organisation that

has an almost Kremlin-like respect for aged leadership. In the event Herr Loderer could

the event Herr Loderer could have stayed in bed—Herr Steinkuehler had been up for several hours, drinking coffee, cracking jokes and giving occasional orders to the pickets. That was seven years ago. It would be difficult to recognise their Steinkuehler now He

Herr Steinkuehler now. He drives around in a black official

Mercedes, is deputy chairman of the Baden-Wuerttemberg Social Democratic Party and

thanks to the workers' co-determination laws—he has seats on the supervisory boards

of Audi-NSU and Daimler. He

is a lay judge and helps to run the union-backed building

man gone soft? Not so. Herr Steinkuehler has

simply become a radical wolf

in moderate sheep's clothing. He

still represents the most serious challenge to the car and steel

society Neue Heimat.

Is this, one wonders, the old story of a burnt-out radical bought out by the Establishment? The shop floor revolutionary who metamorphosed into the armchair variety? The hard metall have never per cent average wage increase,

manufacturers in Baden a bitter series of strikes in Wuerttemberg. Above all he is south-west Germany and wins the sharpest thorn in the side of unprecedented guarantees for

rather than wages.

outside Daimler and

It was not to be. But Dr. Stoltenberg does not seem to

must take the main credit for now stands at a crossroads in a helping to make the problem of state indebtedness a major election issue. Dr. Stoltenberg, who has carved out a role as one of the leading financial and economic brains in the CDU.

Dr. Stoltenberg

discovered the theme many

years ago. The combination of Dr. Stoltenberg and Herr Strauss, himself a former

Finance Minister, managed to

project the issue in a campaign

otherwise distinguished mainly

Dr. Stoltenberg gained two other advantages from his align-ment with Herr Strauss. In

the first place, he became widely

known in the southern states

Herr Franz Steinkuehler

leadership of IG Metall.
The Old Guard under Herr

Loderer still subscribes to the

consensus model of labour rela-

tions that lies at the heart of

Germany's "economic miracle"
— the notion that industrial

problems can be solved in a

rational uncontroversial way by

union leaders, employers and sometimes Government officials

sitting together around a table

and deciding on what is in the national interest. Herr Stein-

per cent average wage increase,

even at times when the economy

was performing relatively well.

his activities over the past three

• 1978. Herr Steinkuehler leads

Here is a record of some of

by its vacuity.

Should be

talents — in a party not exactly brimming over with talent—that a third question does not have to be asked—should he give up his ambitions in Bonn and be content to be a provincial politician? A definite no is the answer to the unasked question — Herr Stoltenberg would clearly like to rise to the top of the Christian Democrat pole. The only uncertainty centres on testing and timing

Dr. Stoltenberg has been an

Friends say that Dr. Stolten-berg has the rather irritating conversational mannerism of

Premier of Germany's northern-Stoltenberg as Germany's next personal ties—which may have most State, Schleswig Holstein. Vice-Chancellor and Finance slightly hurt his standing in the party so far turns into a posi-tive asset on television where he emerges as strong, reason-

able, factual and mature.

Both assets—the exposure in the south of Germany and the effective national television coverage will stand him in good stead should he make an immediate bid to be the Chancellor candidate of the opposition. He could also probably count on the support of Herr Strauss and the Bavarian Christian Social Union, the CDU's sister party.
But what militates against

Dr. Stoltenberg making an early bid for the leadership is the dangerously small majority of the CDU in Schleswig-Holstein, Dr. Stoltenberg will thus have to concentrate on guarding his flank before the State Parlia-ment holds its next elections in 1983. The SPD in particular 1983. The SPD in particular has made it clear that it will make an all-out effort to win Schleswig-Holstein, thus, giving the Bonn Government a majority in the Upper House.

Dr. Stoltenberg is a quiet, contemplative man with broad interests. His doctorate was on the history of the Weimar Republic and his main passion is collecting Far Eastern art. This may just have given him the distance from politics to see when jobs should be turned down or accepted. In 1962 he turned down Ministry after Herr Strauss stepped down.

In 1968 he declined the Interior Ministry after Herr Strauss stepped down, in 1968 he declined the Interior Ministry offered to him by Chancellor Kurt Kiesinger. In both cases, he appeared to sense that the jobs, though important, would have created more problems than they were worth—and he was right.

The dilemma is now-will Dr. Stoltenberg be able to show the same restraint in the race for the leadership of the CDU. The next man to become the Christian Democrats' Chancellor candidate could well become the next leader of West Germanyand that is a prize that Dr. Stoltenberg may find difficult to

replaced by new technology.

Summer 1979. Herr Stein-kuehler leads campaign to

introduce a wage supplement to

be granted in addition to

normal wage round because of

higher fuel costs. Campaign

receives wide backing outside

Wuerttemberg district (900,000

members) both in other IG

Metall districts (total member-

ship almost 3m) and in other unions. Herr Loderer holds talks with the employers and the

Chancellor. Rejects pressure but

promises tough wage round. In fact all districts apart from

Baden-Wuerttemberg settle for

Summer 1980. Herr Stein-

kuehler challenges central leadership of IG Metall, saying

"pilot" region system whereby

first district to settle in a wage

dispute sets the pace for the rest of the union. Calls for

Even this short sketch of Hern

Steinkuehler's recent record

shows clearly that Herr Loderer

has good reason to be worried. But while Herr Steinkuehler is

Loderer need not fear that any

of the central leadership will be

ousted in the near future — at 43 Herr Steinkuehler is still far

too young to get any of the top

challenge is more fundamental.

not least because it seems to

voice the views of many grass

roots members. It is a challenge

to the existing pattern of wage

negotiation, to the traditional ways of settling arguments about

the conditions of work in the

Roger Boyes

greater regional autonomy.

extremely ambitious,

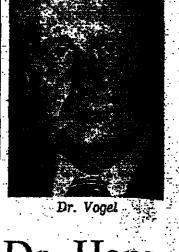
Herr Steinkuehler's

above 8 per cent.

Roger Boyes

campaign

Baden-



HANS-JOCHEN WHO? " Even foreigners with more than a: passing interest in West German politics pose the question when the name of the Federal

Dr. Vogel's way, but it was for always so. He has sufferedserious setbacks to his carper which caused some comments tors (and even colleagues) to write him off as a potentially influential political force. Borrinto a Catholic family in th€ university town of Göttingen on February 3. 1926, Vogel went straight to the war front from school, was twice wounded and came, he decided for the SPD as the party he felt was most-likely to keep the country out-of external conflict and to give his members against their being it domestic stability through

come almost too easily to exams out of more than 300 candidates, gained a brillign doctorate, and at the age of \$4 the youngest Lord Mayor? the Bavarian capital city of Mittich has ever had. He gained the office in 1960 with 64 per cent of the vote, increased his stip-port to 78 per cent only six years later, and pushed through huge building and planning programme for the Olympics of 1972.

nim. By the time he departed to become Federal Building Minister in Bonn in 1972, the Wuerttemberg pushes it up to Munich SPD had swung strongly to the left leaving Dr. Vo best described as a reformist of the centre, largely isolated on his home ground. In the Federal t is too centralised. Objects to capital he seemed lost in the national political struggle, always working hard, aiming in the right direction but con-

Vogel's change to the Ministry in Herr Schidt's first cabinet in 1974 changed all that. He has constantly handled tense and delicate situations with ability and courage—for ample, the pressures on ministry during the height of the terrorist threat. Not that the evidence of these qualities was to be wondered at after his ex He is quoted as ruefully recalling it was not hard to sentence ord-Bavarian butcher who put much water in his sausages manded courage of an unus high order. A sense of humon is not the first quality one ciates with Dr. Vogel, but there all the same.

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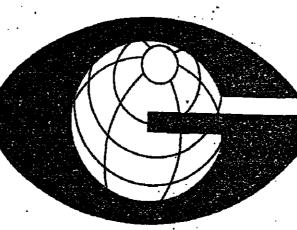
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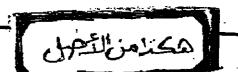
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Justice Minister is mentioned. Dr. Hans-Jochen Vogel is neither renowned beyond Germany nor does he receive anything like the domestic media coverage of some of his cabinet colleagues Yet, if Herr Helmut Schmidt were to step down while his. Social Democrat Party (SPD) were still in power, then Dr. Vogel stands a good chance of succeeding him as Chancellor. On the face of it this seems astonishing. It has long been widely assumed that either the

present Finance Minister, Herr Hans Matthoefer, or the Defence Minister, Herr Hans Apel, was the heir apparent to Herr Schmidt. It would certainly be foolish to rule out either. But the rise in authority and esteem of Dτ. Vogel (Schmidf: *the best Justice Minister this country ever had ") is unques-

Thus things seem to be goingsocial reform.

Then success seemed to deser stanty disappointed.

Jonathan Cart

WEST GERMANY XVII

Benz.



Dr. Iber-Schade

Dr. Anne-Rose Iber-Schade

THE NEW head of West Germany's Vereinijung von Unternehmerinnen (the asso-ciation of female entrepre-Dr. Anne-Rose Iber-Schade, has one main goal: to promote the image of top women in industry. She says that, while it is no longer extraordinary for a woman to manage a company, businesswomen still have to dispel many lingering misconceptions and prejudices here in the Federal Republic.

Dr. Iber-Schade, who has a degree in economics, entered her family's automobile spare parts and component business, Wilhelm Schade AG, in Plettenhurg, Northrhine-Westphalia, and took it over five years later on the death of her father, Her tuisband became the company's fechnical director. Now, at the age of 57 with three grown children, she has withdrawn a little from the management of the flourishing company she and her husband have been running for 25 years to concentrate on her contribution to the association's efforts.

. Wilhelm Schade AG, with its work force of 1,500, is a medium-sized company with an annual turnover of DM 120m. Despite its heavy dependence on the motor industry it weathered the downturn in this sector during the 1974 energy virtually unscathed, thanks largely to the decision to spread the risk by supplying all West German and many foreign car producers, not only a few major ones. This policy has been accompanied by successful attempts at product innovation and diversification.

Like Dr. Iber-Schade, the majority of the 1,400 members of the association manage medium-sized businesses What special problems do they face? First of all, of course, they have the same difficulties afflicting IN JANUARY, 1945, Marion, most entrepreneurs these days. Countess Dönhoff, was forced They have to cope with increasing state intervention in indus-try and the resulting floods of paperwork. And, like their male colleagues, they are affected both by stringent com-pany taxation, which threatens the substance of the enterprise, and by the growing social security burdens which boost

personnel costs. On top of this, however, they have to fight against society's mistaken view that they are either single and mannish, or, on the other hand, have made their careers only through a prudent marriage or by an in-heritance.

Encouragement

By no means a fiery feminist, Dr. Iber-Schade feels, nonethe-less, that in the continuing absence of equal opportunities for women it will certainly take some time before female entreeneurs are wholly accepted. Although she believes that female company bosses—like their male counterparts—need only leadership qualities, the willingness to work extremely hard and staying power in order to succeed, she also thinks that even well qualified women executives need special encouragement and advice to master the ever-tougher competition in an increasingly difficult economic climate. Thus, she is convinced of the continuing need for the association, which was founded in 1954 to provide a forum for mainly untrained women who had had to take over family businesses after their husbands were killed in

Dr. Iber-Schade also urges her members to come forward and seek office in government bodies and industrial federations. This. she says, is the best way of demonstrating the female entrepreneur's readiness to shoulder responsibility beyond her immediate concerns, and of doing away with widespread misapprehension about women in key

Dr. Iber-Schade has set the pest example herself. She is a member of the board of the Economic Council of the opposition Christian Democrat Party. an honorary judge at the Federal Social Court which rules on social security disputes and a member of various committees of the Federation of German Employers. But she takes special pride in having recently been appointed—as the only woman among five men-to the respected Monopolies Commission, the advisory body to the Government which acts as a watchdog of the social market

Edzard Reuter

LEADERS OF West German industry are not used to being accused of hypocrisy, especially by one of their own number. It was hardly surprising therefore that Edzard Reuter, financial chief of Dalmler-Benz one of the bluest of blue chip com-panies in the Federal Republic, should create something of a stir in West German boardrooms earlier this year when he urged industrialists to show a little more honesty in publicly owning up to the facts of modern industrial life, to the imperfections of the social market economy and the role played today by the state.

Reuter has been quick to point out since that he was speaking in a personal capacity, wishing to detach Daimler Benz from any resulting disfavour. He admits too with an engaging frankness that he was astonished at the effect his outspoken address, given to an interna-tional wassayment tional management symposium at St Gallen in Switzerland, had had on a much wider public in

But he was clearly driven to speak his mind because of his growing concern that younger generation is being alienated by the "hypocrisy" of modern leaders-from politics, the trades unions and from industry—speaking in one way but acting in quite another.

He is not a German industrialist who has attracted controversy in the past and he has not courted it now, but he appears to have hit on a sensitive nerve in German industrial life, and he is auxious that society's leaders should not lose further credibility with the young.

Reuter, 52 years old, belongs to a generation of German managers that has come to the fore since the completion of the major reconstruction of the German economy and he feels perhaps freer than many of his predecessors to try to enalyse aloud the role a modern indus-trial group should be playing in

understanding that our responsibility for the environment is not a shackle imposed by the politicians, that our responsibility for jobs is not a burden forced on us by the trade unions, but that both must be accepted independently as joint responsibilities, as a duty and as a challenge.

He is unlikely to choose to want to expound on this thesis admitted to. little except to from any platform other than point out that it will be a "true

that of a leading industrialist, Mercedes" and that it will be for he appears content with his a "smaller" car, not a "small" role on the Board of Daimler- one

He joined the Stuttgart-based car and commercial vehicle maker in 1964 in the financial department after working for the Bentelsmann publishing group, where he had been helping to prepare a publishing consortium's application for a licence to run a commercial



Herr Reuter

television station, an institution, never actually materialised under German law.

He was appointed to the Daimler-Benz board as a junior member in 1973 and as a full member in 1976 with responsibility for strategic planning and organisation. From the begin-ning of 1977 he also took over the technical planning function and was thus responsible within the collegiate board for the Daimler-Benz group's entire corporate strategy planning workfwide.

He stresses the fact that both in theory and in practice decision-taking at the Daimler-Benz board is a matter of joint "My belief is," he told his audience at St. Gallen, "that the only people that are qualified to be employers today are those that have an intrinsic

the programme is the development of Daimler-Benz new "smaller" car, which will take up at least DM2.5bn of the investment and rather more when shared parts are taken into consideration.

The car has been the subject of wide speculation since the project was announced in 1978, but Daimler-Benz has coyly

addition to the Mercedes range has been going for probably at least two decades. One version was developed in the early 1960s, but never saw the light of day, and Reuter admits that the first oil crisis in 1973-74 certainly beloed to firm up plans for the model, which had again started to crystallise in 1972-73.

The thinking behind the smaller car is very much the product of the Zahn era at Daimler-Benz. Professor Joachim Zahn had become as important a symbol of Daimler-Benz in his 14 years as chief executive as the Mercedes star that adorns the bonnet of all the group's products.

Zahn finally retired from the executive board at the end of ast year and for many months Reuter was among the men tipped to take over as chairman. In the event the top job went to Dr. Gerbard Prinz, a fellow board member, and Reuter moved across to take over Zahn's portfolio in finance.

In his present function he is overseeing the development of Daimler-Benz's annual report into a more informative docu-ment—a world consolidation was provided for the first time in 1978—but he is aware that the lack of common guidelines still bedevils the task of inter-company comparison,

Reuter is clearly no revolu-tionary, but he is interested in reform and more open, honest discussion of the condition and role of modern industry. He is himself something of a rarity in German industry, a member of the Social Democrat Party holding office on the board of one of the country's top companies, and his views today inevitably owe much to his early family history.

He is the son of Professor Ernst Reuter, the famous first Mayor of West Berlin, who held office in the first early dramatic years after the Second World War, when Berlin was the focus of world attention and its life hung on the slender thread of the sirlift of goods from the West during the Soviet blockade.

During the Nazi period. Ernst Reuter was persecuted for his Social Democrat views and spent some time in a concentration

Edzard Reuter went into exile as a boy with his family first to London and then for several years to Turkey, returning first to Berlin after the war to take up the study of mathematics, physics and law.

Keyin Done

Fairs and **Exhibitions Division**

Fairs and Exhibitions

23.0101.02	International Green Week Berlin 1981
28.0206.03.	International Tourism-Exchange ITB Berlin 1981
14.0322.03.	Leisure Industries Exhibition Berlin Boats, Sports and Caravaning
30.0305.04. 30.0304.04.	WASSER Berlin '81 Congress "Wasser", National/International Technical Conferences, Special Show, in conjunction with
05.0408.04.	IFW '81 International Fair Water Supply BERLINER INTERCHIC ~ 122nd Fashion Fair/Main Collection
09.0613.06.	30th German Congress for Medical Advanced Training 14th German Congress for Dental Advanced Training International Pharmaceutical and Medico-Technical Exhibition
29.0603.07.	SURTEC Berlin '81 - International Congress and Exhibition on Surface Technology
04.0913.09.	International Radio and TV Exhibition Berlin
30.0904.10.	19th Overseas Import Fair "Partners for Progress" Berlin 1981
07.10.–10.10.	būro-data Berlin '81 Exhibition of the Office Industry
11.1014.10.	BERLINER INTERCHIC - 124th Fashion Fair/Main Collection
27.10.–31.10.	EL-FA '81 – Specialist Electrical Engineering Exhibition of the Berlin Trade Representatives CDH
30.1004.11.	BAUTEC Berlin '81 Building Fair and Congress on Modernisation, Construction, City-Planning
18.1122.11.	Hobbies, Pets and Plants Berlin 1981
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Countess Dönhoff

to abandon her family estates in East Prussia, retreating westward on horseback through the snow before an onslaught of Russian tanks.

Today she is Publisher of Die Zeit, the Hamburg-based weekly newspaper which she helped to found in 1946 and of which she was for years Political Editor, then Chief Editor. In the intervening span of more than three derades her own writings and the general editorial policy of Zeit have had a major (although obviously unquantifiable) influence on the development of Liberal attitudes in the Federal Republic.

What is meant by "Liberal" in this context? It is not simply support for the policies of the Free Democrats (FDP), the West German Liberal Party which is the junior partner in Chancellor Helmut Schmidt's Coalition Government in Bonn. True, the relative success of the in this month's general election showed some voter dis-enchantment with the polarisation of the preceding campaign —and that is a result about which Die Zeit is certainly not unhappy.

But there is more to it than that. Countess Donhoff summed it up nicely in a speech last year in the Netherlands, when she accepted the Erasmus prize awarded jointly for outstanding journalism to Die Zeit and to the Neuf Zuercher Zeitung. She stressed that Liberals needed strong nerves—the ability to put up with claims from the Left that they were "reaction-ary" and from the Right that ary " they were veering towards Communism. "In the end the legitimate place for the Liberals is between all stools," she declared, adding on behalf of herself as well as Die Zeit, "we feel very happy to be there."

only German publication to follow this kind of philosophy, but it has probably been the most consistently successful in doing so. In the student revolt of 1968, it initially supported the upsurge of the young (to the annoyance of many Conservatives) as a step towards necessary reforms. But it firmly condemned the gradual rise of violence associated with the movement (to the anger of the young extremists who felt this was the only way to overturn the old system). It deplored the terrorist attacks of 1977 en leading public figures, but in a series of articles it warned against over-reaction by the state.

Of course, Die Zeit is not the

of balance emerges in particular in her articles and comments on relations with the East, which, after



Countess Dönhoff

all, was her homeland. She was born on December 2, 1909, at Friedrichtein near Königsberg (the birthplace of Kant, now the Soviet city of Kaliningrad), gained a Doctorate of Law at Basle in 1935, travelled widely beyond Europe, but returned home in 1939 to manage the

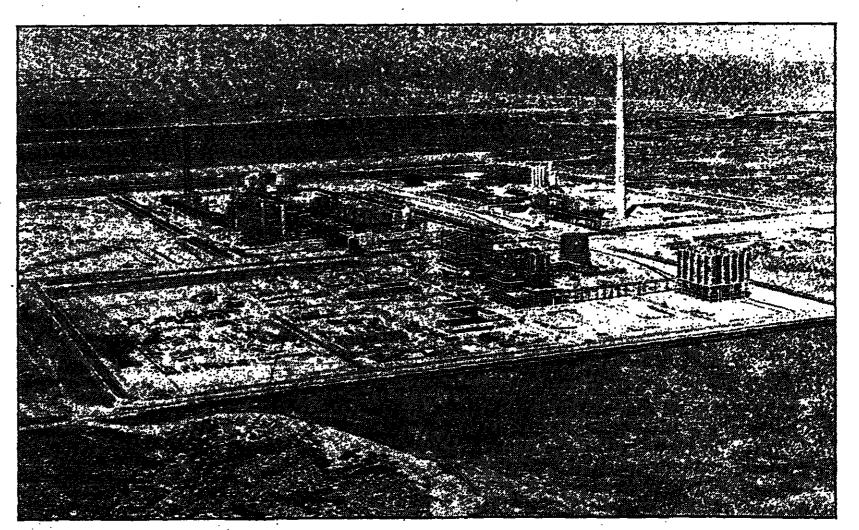
Clear-sighted

It would not have been sur-prising if the outcome of Coun-tess Dönhoff's exile had been bitterness and strong opposition to any accommodation with the Communist states. But she is the authoress — with two of her Die Zeit colleagues — of one of the least prejudiced, most clear-sighted accounts of a visit to a Communist East Germany. The book "Journey to a Far Country — Economy and Politics in the DDR" (Deutsche Demokratische Re-publik), appeared in 1964, three years after the building of the Berlin Wall and well before the Bonn Government launched its policy of establishing normal relations with the East under Chancellor Willy Brandt. It was therefore no surprise when Countess Dönhoff supported that policy, although more aware than its most enthusiastic advocates that the going would be slow, tough, and beset with setbacks.

Countess Dönhoff many awards, among them the Peace Prize of the German book publishers, the Arthur D. Morse Prize of the U.S. for services to publishing, and an Honorary Doctorate at Smith College, Massachusetts. None of this seems to alter her: she quiet spoken and very determined. She continues to travel widely, and fortunately, to

Jonathan Carr

aul al und für die Zukunft.



ICI vertraut auf die Zukunst. Und 1980 in Betrieb gehen soll, werden ICI ist eines der führenden Chemieduktionskomplex der ICI. Die Kette tion von Chloralkali. bereits bestehender Produktionsstät- Von Wilhelmshaven aus sollen vor Agrarchemikalien,

auf einer Fläche von 320 ha ein Pro- geplant ist eine Anlage zur Produk- arbeiter Chemikalien.

ten in Europa wird damit um ein allem der deutsche Markt, aber auch Farben und Lacke wichtiges Glied erweitert. Farben und Lacke angrenzende Gebiete wie Frankreich und nicht zuletzt In der ersten Anlage, die im Herbst und Skandinavien beliefert werden. Arzneimittel

baut deshalb für die Zukunft. Zum 300000 t VCM im Jahr produziert. unternehmen der Welt. In vielen Beispiel in Wilhelmshaven. Hier ent- Die zweite Anlage wird 115000 Jah- Ländern der Erde entwickeln, produsteht mit direktem Zugang zum Meer restonnen PVC fertigen. Weiterhin zieren und vertreiben ca. 151000 Mit-

Kunststoffe, Fasern,

ICL Denn Leistung verbindet.

THE ARTS

JONATHAN CARR

A GRAND musical tradition is alive and well and living in Munich. I am not referring to Herr Karl Richter and his Bach Choir and Orchestra, excellent though they are, nor am I suggesting that the Munich Philharmonic is being restored to its former pinnacle under Mr. Sergiu Celibidache (whose fans claim him to be one of the very last of the great conductors). No, this tradition on the face of it is a more impersonal onefor it involves a building and a

State Opera, and the work is the late. lamented. Hans Richard Wagner's Die Meister- Knappertsbusch. singer von Nürnberg.

It is quite possible that you more accurately played at the Salzburg Festival, or better interpreted (by Mr. Reginald Goodall) in London. It is even conceivable that the overall standard might be equalled in performance at Bayreuth (although the less said about some of the recent efforts there Meistersinger belongs to Munich as Boris Godunov belongs to the Bolshoi. Why is this?

For one thing Meistersinger in June, 1868, under Hans von
Buelow (with whose wife, it
will be recalled. Wagner was
ungrateful enough to run off). Nationaltheater pulls out every
After the Second World War. it was the first work to begin a disposal - diverts the eye what-

new series of Munich music festivals — in the Prinzregententheater, since the National-theater itself still lay in ruins. And when the Nationaltheater was finally rebuilt (much in the previous style), it was Meistersinger which ushered in the new era, on November 23.

So much for the statistics, but they don't prove very much. After all Tristan and Isolde also had its premiere in Munich and is not often absent from the programme there, yet its strenuous gloom seems better suited to more northern climes. That is a highly subjective impression, and many would not agree, but I well remember one local university professor's conclusion to a dismal discourse on the philosophy of Schopenhauer and its links The building is the National- to Tristan. He referred to a theater, home of the Bavarian performance in Munich under

"Was it impressive?" I asked. "It was magnificent." he said, will hear the orchestral part his eyes glistening as he gave the highest possible accolade: "it was hardly tolerable."

There is a lot about the Nationaltheater to make a performance of Meistersinger tolerable, even for those for whom sitting through a Wagner opera is a penance to be en-dured only for a loved one or (perhaps) for an important business contact. It is true that the seats seem to become a little bard as one approaches the end of the second hour of had its first performance there the last act. But the riot of



it is only to gain strength in sleep. Suddenly it awakens, then see who can master it."

Strauss produced his own post-war epitap on the Opera

House where he had so often

conducted and which now lay in ruins: The Metamorphosen

for strings based on Beethoven's

Funeral March. Strauss seems

to be striving for effect in some

works, using a brilliant tech-

nique to obscure the fact that

he has little to say. Metamor-

those occasions.

cheaply purchased.

phosen is decidely not one of

Still Meistersinger is the last

work to leave you with mournful feelings. Indeed, part of the delight is that it arouses

them, only to blow them away

again in a inale whose opti-mism does not seem to be too

Thomas Mann (another one-

time Hunich citizen) was not

correct about everything - but

The Munich-born Richard

The theatre in Wiesbaden—one of the many German towns to have its own theatre and opera house

ever the other discomforts may foolish anger . . . it is the old madness. If it halts somewhere

be.
So does the sight of the evening gowns in the main lobby (the Nationaltheater is an unrepentantly "dressy" place), the marble staircases, the red velvet, the gold and sky blue decorations and the crystal chandeliers. If that is not recompense enough, then there are inexhaustible supplies of hot berries and ice cream, salmon and champagne.

Is it really only a few decades since the theatre and the whole city centre was a bombed-out shambles, since there were queues for the soupkitchens, since Cardina! Faulhaber performed the first postwar Christmas Mass in the shell of Munich's main church. under an open sky?

Time and again there are passages in Meistersinger which hring back toat era — like the great Wahn monologue of Hans Sachs. "Why do people torment and flay one another in useless.

the revolutionary, tradition and the future, are wedded in a manner which is at once grandly joyous and at a deeper level awakens enthusiasm for life

It would be unwise to try to cap that, but it is worth giving a last word of warning. On no account allow yourself to be drawn into a discussion between enthusiasts (some would say lunatics) on the best performers of Meistersinger over the years. At least, do not do so if alcohol is readily to hand.

festival opera if ever there was

I well recall an argument developing between several, otherwise civilised, people in a vaulted wine cellar a stone's throw from the National-theater. It was bad enough when one, younger, member of the party suggested that Herr Rene Kollo, a tenor much in demand today as Walther Von Stolzing, was at least as good as Herr Heinrich Knote, a tenor in Munich around the turn of the century, of whom some recordings still exist. The contempt of the older, more ex-perienced Meistersinger hands knew no bounds. But when the same person sought to argue that any Hans Sachs today was as good as the famed Hans Hermann Nissen, who sang the role under Toscanini, there was

Only one interjection restored the peace: that the National-theater was still the best place to attend a performance of Meistersinger, and always rill be. Glasses clinked and an unseemly incident had been narrowly avoided.



Plans for privately run TV stir strong feelings

BROADCASTING

ELGIN SCHROEDER

"THIS COUNTRY will be groups such as the political introduction of radio spoks—different at the end of it," says parties, the churches and trade especially in regional pro-Herr Albrecht Mueller. Head of unions. the planning staff at Bonn's Federal Chancellery; what he means is, it will be worse. He is referring to the changes which will be wrought by the arrival in West Germany of the so-called "new media": cable and satellite television.

Their introduction is, in any case, thought to be inevitable by experts of every political per suasion. Nonetheless, to bring up the issue is at once to spark off heated discussion not only about the extension of existing communications but also about the current monopoly of the publicly owned radio and television systém. Many Germans including Chancellor Helmut Schmidt, think this has proved its worth over the past 30 years and do not want to see it

Proponents of the "proven

system," who are uppermost the Social Democrat Party (SPD)

which is the senior partner in

the Bonn Coalition, argue that it has enough to offer for all tastes and warn that more television leads to apathy and the isolation of the viewer. The The supporters of the new media. primarily the opposition Christian Democrat Party (CDU), of increased chances for a "healthy diversity of opinion" which is, as they say, the basis of a good working democracy. Their demand for privately run, commercial stations is halfheartedly supported by the Free Democrat Party (FDP), which is the junior partner in the Bonn Government. It steers a middle-of-the-road course in wanting infroduction of commercial channels, but established as public bodies both a wider spectrum of opinion and to open new markets for the electronics industry. Thus the dispute has been carried into the ranks of the ruling

Safeguards The situation is further aggravated by the print media's concern over the advent of new competitors on the already tight domestic advertising market. Take two major market trials of viewdata and teletext-techniques for providing information by linking specially modified television sets with computerised data bases. These trials. Izunched in Düsseldorf and Berlin this summer, could only get off the ground with difficulty. At first, the newspaper publishers resisted the broadcasting organisations' insistence of exercising monopoly over the ransmission of the new media. Now the controversy has been put on ice for the time being so that the publishers can at least participate in the trials.

Today's West German broadeasting organisations were established after the war, taking as a model the kind of independence the BBC enjoys. To make sure that broadcasting would

never again be taken over by NDR remains intact as a pr the state—as it was during the lic corporation and the CDU Nazi era-the Länder, the Ger-because it will be able to man provincial states, were realise its media plans after all solely responsible for the net (albeit with some delay)—works. Nine regional stations strong protests came from the were set up, run by public sector North German newspaper pubbodies made up of representa-tives of all "socially relevant" agreements on grounds that the

nine quently formed ARD, West Germany's first television channel. During the day it broadcasts separate regional programmes, but in the evening the stations contribute to a joint effort. In 1963 ZDF, the second channel, was, founded-also in the form of a public corporation-representing all the Länder. channel televises one single programme for the whole of Germany. A third channel, provided by ARD, offers mainly educational programmes regionally.

Political bias' But from the first the political

parties vied for more influence in the councils supervising and managing the networks. attraction was the opinion-forming power of the spoken word, Soon the CDU, then in power at Federal level in Bonn, began to complain that the SPD was exercising too great an influence on broadcasting, and that radio, as well as television, was leaning too far to the political Left. Ever since one of the country's leading public opinon polls ascribed the SPD/FDP victory at the 1976 General Elec-tions to an alleged Left-wing bias of the networks, the fight of the parties for supremacy over broadcasting has been on. It came to a head over the NDR, North German Radio (Nord-Rundfunk). country's second largest radio and television station, and it is now threatening the whole pub-

lie broadcasting system: For a long time the Christian Democrat states of Lower Saxony and Schleswig-Holstein had complained about unhelppolitical bias from NDR which they were running jointly SPD-ruled Hamburg. with Finally. Schleswig-Holstein gave notice that it too wanted to leave NDR. Shortly afterwards it announced that together with Lower Saxony it was planning to set up its own radio system, to include com-mercial broadcasts.

Although this development was effectively barred earlier this year by a court ruling, the broadcasting system to have WOD - a reprieve only. The subsequent compromise of the former opponents to continue NDR as a three state system envisages the abolition of NDR's radio monopoly in North Germany at the end of 1982. Additional private channels will then beallowed. The accord also introduction of commerical radio spots by NDR next year to supplement the station's inadequate licence income—a path which other provincial networks have already

While-the feuding political parties expressed their satisfaction with the "fair compromise"- the SPD because the commercial television later on would send their advertis revenue plummeting.

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Martin 18

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they said, would revive the trend towards concentration in free-enterprise written press which had seemed to be broken after the early 1970s. So far, the print media can-not complain about lack of advertising. Newspapers and magazines together received as much as DM 7bn of the total DM 11bn, Germany's expe ture on advertising in 1979.

Besides, concentration of the

Press may no longer be so great

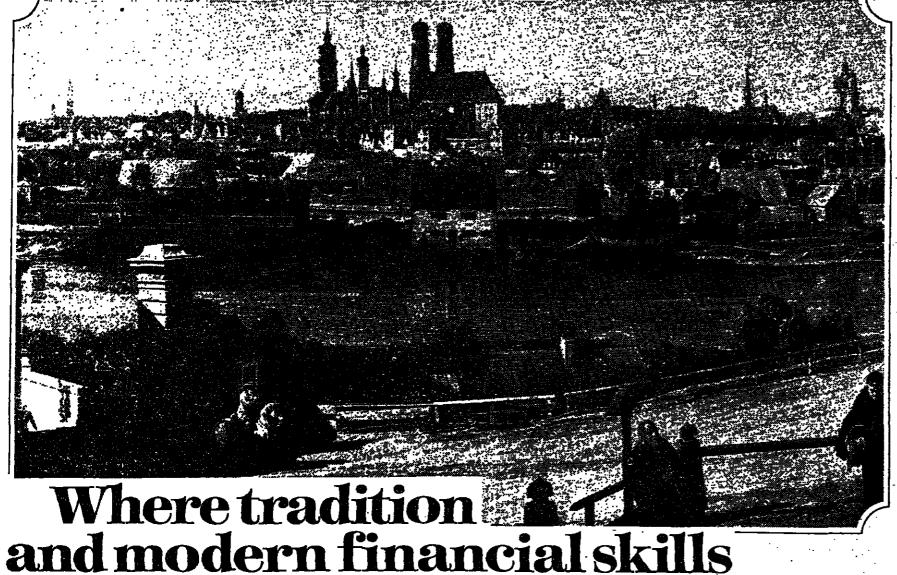
a problem as statistics seem to indicate. Admittedly, of the 1,200 daily newspapers pub-lished in West Germany town. nearly 1,000 are no longer are called here. pendent" papers edite their own separate staffs while the number of independent papers dwin from 225, in 1954, to 122 1976, the total activity increased again—by just one in the next three years to 1979. Only about half of the paper that receive a substantial part of their editorial content from other newspapers have a pail circulation of more than 10,000. Of the 55 papers in the country with circulations 100,000 or more, only one does not have a full editorial staff to prepare its contents. Further more, in the three-year period fill 1979 only one paper Tent small circulation of vanished. All this is a clear indication of how much the situation on the German news paper market has quietere compared with ... io instance, the time between 1964 and 1967 when 38 above. papers were forced out of blication

Largest circulation

The country's five larges publishing enterprises have roughly 45 per cent of the that! newspaper circulation make The biggest of them, and Springer Variage has a 25 per cent share of the total circulation with five p Two of these are nationally of tributed: the conservative respected Die Welt and Zeitung which with the street sales of just under is the largest circulation we paper in Continental Europe To sum up, while, for its

parties are squabbling over the introduction of the new media the privately-owned with Press has solid financial groups for its reservations. Alfred Neven du Mont. Res dent of the Federations German Newspaper Publishe says: We don't want block cable and satellite television, nor teletext and way data, but we do insigt on a fat data, but we do insist on share in the use of the

ideological reasons, the pulluce



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Europe's airlines face a Laker time-bomb

IF ANYONE really wonders add another £80m to airlines' why the majority of the world's bills: _airlines; especially in Western Europe, have been resisting the the British attitude for on the mounting consumer pressures one hand raising user charges for cheaper air taxes, the stark while on the other pushing for facts outlined in the latest cheaper air fares, especially in facts outlined in the latest carry analysis of the airline industry. Europe.

Anne Hammarskjold, The point that Mr. Hammarstrongly,

meeting in Montreal today that last year, the 103 member air-lines, including most of the biggest in the world (outside the U.S.) experienced a year of "mostless grants" of "profiless growth."

They carried a record number. of scheduled passengers, at 390m, or 7.5 per cent more than in the previous year.

But they made virtually no money. Their operating revenues grew by 18 per cent to \$50.6bn (£20.73bn), but their operating costs rose by 23 per cent to \$50.45bn (£20.67bn).

The financial results for 1980 will be even worse. By August, the scheduled services of IATA members collectively were showing losses.

The worst problem confronting the airline is fuel, which went up last year by an average of 73 cents a U.S. gallon. Fuel now accounts a U.S. gallon. Fuel now account a U.S. gallon. against only 12 per cent in 1973.

The second problem is the tionary pressures in the year abead," says Mr. Hammarskield.
Contributing to these costs are increases in user-charges in the world—the price the calendonion, on the ground side as well. The Datopean airlines pay for using airports, rain-type for using airports, rain-type fares.

The UK here comes in the user of the current year alone, increases in the user increases in the user of the current year alone, increases in the user of the using the price the current year alone, increases in the user of the using airports.

The user of the two countries concerned. These allow their respective flag airlines to their r current year alone, increases in to argue that the powers under new more competitive route up) should come out of its fares as a means of stimulating that this is the right method, markets, technical development Rome in the Euro these charges in the UK will which these governments can making policies. But the EEC's country's overall share—the traffic. But in many cases they using the established procedures or investment, share markets or he is free to do so."

Mr. Hammarskield criticises

director general of the International Air Transport Association, provide the answer.

He will tell the IATA annual greater awareness of the longterm value of air transport to the world's economic well-being.

Abrasive policies designed to attack the industry, such as the U.S. Civil 'Aeronautics Board's long-standing threat to remove from members of the IATA their immunity from U.S. antitrust laws, are only one facet.

However, the U.S. and British governments are not the only bodies threatening the fare structure which LAFA defends -Mr. Hammarskjold, indeed, restrict the granting of routes wheels are cumbersome to turn, traffic, in effect, is not diluted argue strongly that this is not wants official regulations are illegal under the Treaty of and it could be years before so far as the other country is the time to introduce them streamlined to permit faster Rome, which prohibits, under anything is done. Sir Freddie concerned. In that way, the Costs in all directions, and increases in faces in response to rising fuel costs. Mr. John Nott, the UK Secretary of State for trade, who is singled out for criticism by Mr. Hammarskjold for urging lower fares, may now face a legal battle with the British arch fare-cutter. Sir Freddle Laker, which would question the right of EEC. governments to control fares at

Sir Freddie bad appealed to recession, which is now biting Mr. Nott against the rejection deeply into airline revenues, by the UK Civil Aviation General inflation is also taking Authority of his application for its toll. Although there may be 36 routes from the UK to



Pictures by Glyn Genin and Roger Taylo

MIAMI

ECONOMY

Sir Freddie Laker, flying high on one of his McDonnell Douglas DC 10-30 Skytrain aircraft and (right) announcing down-toearth fares to Miami and New York in August.

Articles 85 to 90, any restric-Articles 85 to 90, any restric-tions on competition.

He now threatens to ask the courts to declare that this treaty obligation over-rides the right under which the Euro-pean system of regulation, route-sharing and revenue pool-ing has been developed since the war. This is the right of any country to sovereignty over its own air-space, which implies the right to say who

shall and shall not fly in it: Since not only Mr. Nott's own Department of Trade but also

anything is done. Sir Freddie concerned. In that way, the likes to move faster, and a rights of the other country's legal prod from the European airline (and its profitability) Court might get the Commission are protected. moving faster, too.

moving faster, too.

Thus, protectionism remains, The foreign airlines and strong in Western Europe. Whenever the UK has tried to inflow of new airlines with low-fare ideas, such as Laker Airways and British Caledonian, stem from fears of traffic dilu- Gatwick, it has met fierce retion on specific routes, at a sistance, and often an outright time of recession, when all "no" from the other country European air traffic is at a low and airline involved.

Virtually all enter-city air routes in Western Europe are sation, and cheaper air fares,

introduce second airlines on major trunk routes, as it has, for example, on occasion out of

Thus, spreading the concept of greater air transport liberali-

especially of fuel, are soaring; the industrial recession has depressed traffic: and losses are only just round the corner even if not here already for some sion being necessary. Sion being necessary. In other words, the airlines argue, to think of fare cuts, and governments of the Community are bound by those although the Memoran-

It is a difficult argument to counter. The fact that the airlines, including British Airways, believe that now is just the time to try to boost traffic by reducing fares. even on an evolutionary rather than revolutionary basis, does not seem to have much influence with many Continental carriers.

Nevertheless, the UK air-

of licence application and diplo-sources of supply. matic negotiation.

with what Laker believes to be the right answer, it says simply that it is entitled to question whether the existing processes

Laker bluntly says they are not. The airline is basing its case largely on Articles 85 to 90 of the Treaty of Rome. These broadly lay down the rules of competition governing members of the Community. A memoran-dum from the Commission, dated July 6, last year, relating to the development of European air services, expressly stated that "the rules of competition (Articles 85-90) form part of the general provisions of the Treaty that apply to air trans-

dum further commented that Commission currently lacks the practicable means to ensure that the airlines reqularly and effectively comply with the rules of competition with no penalties for voiding the rules.

Article 85. for example, expressly forbids activities by undertakings or associations of undertakings which may affect lines have different ways of "and which have as their making their points. British object or effect the prevention, Airways is moving slowly, restriction or distortion of com-through negotiation and with petition within the Common through negotiation and with petition within the Common the example of successes on Market." In particular, this other routes like London-Paris applies to those bodies who British Caledonian also feels "limit or control production,

Article 86 goes further, say-Laker Airways, however, ing that "any abuse by one or adopts a tougher stance. It more undertaking of a dominaccepts the current channels of ant position within the Common, licence application, because that Market, or in a substantial part is the law, and recognises that of it, shall be prohibited as those channels must be incompatible with the Common exhausted before it turns to other means. But when the present system fails to come up Such abuse may include "limit-with what I have believed to the common such abuse may include "limit-with what I have believed to the common such abuse may include "limit-with what I have believed to the common such abuse may include "limit-with what I have believed to the common such as the ing production, markets or tech-

nical development to the prejudice of consumers."

It does not require much used to grant air transport route imagination to see what that licences are quite as legal as clause—if upheld by the courts -would do to the current cosy bilateral air agreements on which the whole of Western European air transport has been based for the past 35 years.

But the Treaty goes further. Article 88 provides that member countries shall have the right to rule on the admissibility or agreements, decisions and concerted practices and on the abuse of a dominant position, "in accordance with the laws of their country," but with Articles 85 and 86 in mind. Article 90 provides that, in the case of public undertakings and undertakings to which Member States grant special or exclusive rights, Member States "shall neither enact nor maintain in force any; measure contrary to the rules" of the Treaty.

It is, of course, a legal minefield, and one in which the lawyers in all the countries, concerned are likely to enjoy; a field-day in determining how the wording of the Treaty; should be interpreted. So complex is it, in fact, that so far, nobody except Sir Freddie has tried to test it in the courts.

Mr. John Nott, last week, in his statement, said that "our own legal opinion is that there is no provision of Community; law which overrides the regulatory systems of member-Governments. But if Sir Freddie wants to test his inter-Rome in the European Court,

Letters to the Editor

Chemical tariffs

From the Director-General,

Chemical Industries Association Sir,-The article by Sue gCameron (October 14) describes well the basis of the chemical industry's opposition to some Alembic House, aspects of the EEC Commis 98, Albert Embankment, SE1. sion's proposed modifications - 10 the scheme of tariff prefermences (GSP).

In considering Samuel Brittan's inclusion of the chemi-Samuel acal industry in his Scroll of Dishonour (October 16) one has to assume that he did not has to assume that he did not Sir,—Mr. W. L. Luetkens in investment income of the donor the Lombard column (October and will attract the 15 jeer cent or have so misrepresented our posi-

With the two exceptions below we are not in fact opposed to duty free access to EEC markets being given to chemicals produced in the "poorer" (i.e., low per capita GNP) countries who are trying to get a chemical industry started. In such situations the intentions of GSP are probably a practical and humane example of enlightened self

interest by the Community. What does concern us however is what we regard as the undue restriction of the list of "sensitive" products where the numbers.-preference to the exporting. Nor is it country is reduced. materials are chemicals where the viability of European production is in doubt and, let it Plants will cost more to buildbe understood, in these cases and to maintain then in or near we are not seeking protection to industrialised countries. Outby anything other than the agreed normal common tariff

under GATT. panies and people's jobs here the country is likely to develop to give developing countries an its own sophisticated engineer. unlimited advantage in competing industry but otherwise they J. A. Dennis, ing with products where there will be permanent. There will Harwell, Didcoi, Gron. ing with products where there is clear inability of the market be a further penalty if thereto absorb such preferential imports. There is little benefit in killing Peter to sustain Paul. The other misapprehension about our case is illustrated by Lombard (October 21) who claims to find a hair-crack in i our argument for excluding the highly sophisticated chemideal industries of some admittedly low per capita GNP countries from special preference. He suggests that on the contrary tries to be converted more it is the Community's intention to give across the board trade preferences to "developing countries" irrespective of the degree of development of sec-----tors in their industry.

The EEC Commission however, has stated its intention of complying fully with the objectives of the March, 1975, resolu-... tion to the extent that the economic situation permits. Moreover, it is proposed that the present modifications could mremain in force for 20 years as the framework has to bedesigned to cope with sectoral economic problems in the future which could be even more difficult than those which presently

Tace us. But most powerfully in justifying our position we would argue that the very existence of " a sensitive list in the Commis-"lision's proposals proves the intention of the Community to be pragmatic rather than doctrinaire in its attempts to help the developing countries to help themselves. This, of course, has to be done without at the has to be done without at the same time undermining the same time undermining the which the donor would have had Royal Dockyards are manned European economy by granting to pay to the Revenue in any largely by civilians there are to already developed industry event if he had not made the about 70 RN officers in senior sectors in such countries a covenant. The result is that, by positions. Why not? these are such countries 2

advantaged competitor is no less , the recipient. Covenants made who will man the ships. Often real because it is located in a by parents in favour of their a design that looks fine on a low GNP per capita country. For these reasons we continue

to believe that our case is well founded, and far from protectionist. Martin E. Trowbridge. Chemical Industries Association,

Siting plants

From Mr. H. Stephens underdeve

manufacturers and contractors issues some practice statement benefit from this activity but, or concession its seems this surthis is questionable. If the tharge will be imposed at least demand for the petrochemical until a new case is taken to the products is to be met, plants courts will have to be built somewhere, Jack Harpet and EEC plant manufacturers Tax File, and contractors are more likely .. 4 Volentine Place, SEL. to benefit if construction is in the EEC than if they have to compete in third countries with their U.S. and Japanese opposite

Nor is it necessarily true that there will always be a benefit from petrochemical production, in underdeveloped countries. put is likely to be reduced because spare parts will not be readily available. These dis-It would seem unfair to com- advantages can be overcome if its own sophisticated engineerbe a further penalty if there in the result of the second ing markets for the petrochemical products. They will then have to be explicted to a industrialised countries in ? specialised and relatively small vessels, and the transport costs. From Mr. A. Cutter will siways be substantially : higher than if the feedstock were emported, in the form of crude oil in very large crude carriers, to ludustrialised counefficiently into patrochemical products there. The case is different if the feedstock is a gas that would otherwise be well not be necessary.

An extra tax bill

St. Stephens Avenue,

A 1727 e

St. Albans, Herts: : .

tax bill? The benefit of a covenant is to change that an incume of, say \$1,000 Another point per year can be passed to a by Mr. Hall, is a recipient who is not liable to force from manage recipient who is not liable to force from managerial level, to tax, by the donor paying out skilled and unskilled workers, only £700 in cash each year. The are amonest the lowest paid in £300 per year which the donor the country, and the Toutann is treated as having donor. is treated as having deducted, and which the reciplent can reclaim, is an amount of tax preferential licence to trade spending an additional £700, he mostly technical officers of

duty free. Damage from an can effectively channel £1,000 to great ability and experience, under 18 do not have this effect. 'In a force 10 gale. A recent court ruling, how-

ever, has created a new problem you that both the Royal Navy for anyone making a covenant and the Dockyards are moving who has: investment income of more than £5,500; no investment income that with thinks of the control of the con payments under covenant of more than \$5.500 and invest-ment income of less than \$5.500 but which, if added to the gross amount of the covenanted payments, would result in a total of more than £5,500. The excess over £5,500 in any of the cases

countries in exporting petro. Many tax experts are very chemical products derived from unhappy about this court ruling oil feedstocks costed in at below and are disappointed that the world prices.

The believes that EEC plant Unless the Inland Revenue manufacturers and contractors issues some practice restriction.

(**8**2) (182) (182 <u>183) (1</u>84) (184) (187) (188) (188) (188) (188) Contamination at work

From the Assistant Director Nettional Radiological Protection Board

Sir.—A printing error in the first paragraph of my letter of October 23 made me say that 26 Los Alamos workers were an adequate hasis for condemiology. What I did say was that It was an inadequate number.

Royal Dockyards progress

Sir,—May I comment on the article by your correspondent William Hall (October 21) on the stubborn resistance to change in the Royal Dockyards. While I would not presume to question his financial know-ledge, or the results of his comprehensive research, I do feel the whole article reflects, quite wrongly, on the ability of the Royal Navy and civil service to provide a viable and efficient service in the Royal Dockyards. Mr. Hall states that the Royal Navy insists on ronning the Dockyards in much the same way as Samuel Pepys. In Devonport Dockvard we have a complex for the reft of nuclear From the Editor Tax File, great changes in methods of Sir,—The use of gifting money working, training of a skilled by tax efficient deeds of covenant workforce, and "buildings to is growing — but, how many accommodate the submarines donors realise they could be during a reflit. This has now building up an unexpected extra been successfully accomplished.

hardly a "stubborn resistance" submarines this has resulted in

Another point not mentioned by Mr. Hall, is that the workprivate industry. Another point mentioned, was, although the

unmarried children who are drawing board, is not so good Finally Mr. Hall, I can assure

Mr. Anthony Wedgwood Benn speaks at public meeting, East Ham, Town Hall. Michael Heseltine, Environment Secretary, speaks at Buckhurst Hill. with the times, and Samuel Peppers just a name in history. Mr. John Stanley, Housing Minister, visits the Construction Industry Training Board's Bischam Newton Training Centre, Norwich Alfred T. Chtier, BEM.

GENERAL

House of Commons.

Navy 16 Lameston Close, West Park, Plymouth, Devon. Seminar on export promotion and information services, London

Electricity structure

From the Chairman, Electricity Council. Sir,-Mr. G. W. Rufford (October 20) makes a number interesting assertions about the organisation of the electricity supply industry in England and Wales.

Perhaps because Mr. Rufford's experience has been confined to distribution matters his comments fall to take account of the need for early of production and retailing functions, which is an essential part of electricity supply in other utilities throughout the world and, indeed, in Scotland and Northern Ireland. Every serious external examination that I know of, including the reports by the Herbert committee in 1957, the Plowden committee in 1976, the Select Committee in 1978 and the Price Commission in 1979, has recognised the need for overall general management of the industry, which the present

organisation fails to provide. The essential need is surely to ensure that policies which have a genuine national significance are able to be decided nationally and thereafter to allow the maximum devolution of executive management This principle was spelled out by Plowden and has been fully recognised in draft proposals for the industry on a number of occasions. I take it that a similar recognition would be given by Mr. Rufford to managerial de-volution, within the Eastern Board, of which he is deputy chairman, and that he is able to identify matters of overall policy which require to be dealt with at Board level

It is not correct to sugges that the proposals made by any of the bodies I referred to in volve " a big pyramid concept or a "massive unitary corpo tion." Such an important topic deserves balanced discussion. (Sir) Francis Tombs. 30 Millbank, SW1.

The strong pound

From Mr. R. Almond Sir,—The current strength of the pound is again causing concern. Apparently a strong pound leads to higher prices for British goods on overseas markets. Can the consumer expect to see reductions in the prices of foreign goods to reflect the strength of sterling; frankly I doubt it. Check the price of your foreign car, has it altered or do the manufacturers fix the prices rigidly in each country irrespective of temporary fluctuations in exchange rates? R. I. Almond... 3 Smithy Green, Ogden, Rochdole.

Today's Events UK: Parliament resumes Dr. Joseph Luns, North Atlantic Treaty Organisation secretary general, talks on NATO Kitchen

Chamber of Commerce, EC4. and the world situation, to European Atlantic Alliance Group, of London, opens National Fire Safety Exhibition, Royal Exchange, EC2; attends Ship-wrights Company dinner, Man-

> Speakers from Ingersoll Engineers and the National Engineering Laboratory address Institution of Mechanical Engineers seminar on industrial

robots, London. Trial opens of Lady Kagan on charges under Exchange Control

Act, Leeds. Commissioner International Food, Wine and tions, Brussels.

Exhibition Sir Peter Gadsden, Lord Mayor Bristol (to November 1). Overseas: Lord Carrington, Foreign Secretary, meets Mr. Frigyes Puja, Hungarian Foreign Minister, Budapest (to October

EEC Council of Fiscal Affairs meets to discuss harmonisation of excise duties and increase in the personal allowance of

travellers, Luxembourg. Dr. Saburo Okita, Japan's Foreign Trade Minister, meets Mr. Wilhelm Haferkamp, EEC Commissioner for external rela-

Organisation for Economic Co-operation and Development meets in Paris to discuss Turkish aid package. The Queen and the Duke of Edinburgh begin state visit to Morocco (to Ottober 30).

International Horse Show, Washington.

PARLIAMENTARY BUSINESS House of Continous: Debate on the National Health Service in House of Lords: Local Govern-

ment Planning and Land (No. 2) Bill, report. Tenants Rights (Scotland) (Amendment), Bill, third reading. COMPANY MEETINGS

See Financial Diary on page 6.

Still growing-that's the effect

The Peterborough Effect has worked for dozens of small firms. It works for big ones, too.

Thomas Cook were already the world's largest travel agency when they moved their headquarters from Mayfair in 1977. They're still the largest. And growing all the time.

Thirteen hundred people work in Thomas Cook's superb new offices in a parkland setting, minutes from the A1 and from the centre of Peterborough. And today they are applying new technology to take the paperwork out of a paper intensive business.

A significant number of Thomas Cook branches throughout the UK will soon be connected to central airline reservation computers to give instant confirmation of flight availability.

Data terminals will replace 20,000 A4 pages of regularly updated information that each booking clerk requires now-amove which will allow even more time for personal attention to individual Thomas Cook have spent over £3 million on

new technology since they moved to Peterborough. Another £3 million is committed. They intend staying No. 1. Almost all of the 150 firms that have moved here in the last 10 years have seen profits and productivity

go up; wastage, absenteeism and staff turnover go That's the Peterborough Effect. This is how

Room to grow

it works.

Peterborough, ancient cathedral city and new town, bas a workforce of 65,000 with skills founded in engineering traditions but extending into latest technologies and services.

Amodem home, to rent or buy, is assured for every employee the firm brings to Peterborough.

Excellent living conditions produce a better workforce and most companies discover the Peterborough Effect working for them with higher productivity, higher profits and better staff relations.

Over 1.2 million square feet of factories and warehouses are being built in Peterborough now. All funded privately. The programme is continuous, so firms are sure of the space to expand, for years ahead.

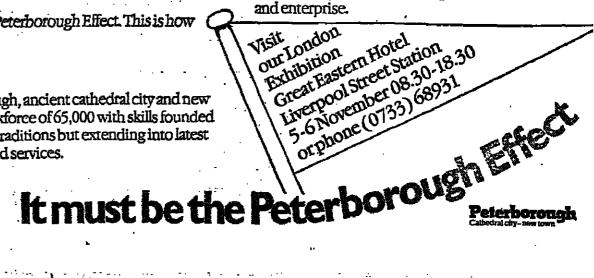
Our factories range from 500 to 50,000 square feet. Serviced sites are available to lease or buy in several locations, all linked by our excellent urban motorway system to the national road network.

In the right place

Peterborough is 50 minutes from King's Cross by train. There are 28 fast trains daily into London: and direct services to Harwich, Birmingham, Manchester, Leeds and many other major cities.

The A1 gives excellent road links to the rest of Britain. And Peterborough is the major growth point closest to the expanding East Coast ports of

Felixstowe, Harwich, Yarmouth and King's Lynn. None of these things alone produces the Peterborough Effect. It's that rare combination—all of them together in one city-plus each firm's drive and enterprise.



Companies and Markets

Euro Ferries chief sells bulk of his shareholding

chairman of European Ferries, has sold almost his entire share holding of 135,000 shares.

The sale, apparently done at 161p average through the market last week, was to raise funds to meet a personal tax liability.

It was also, in part, a protest at the restrictions which now hedge directors who wish to buy or sell shares, a spokesman for Mr. Wickenden said yesterday. Because of the difficulties of dealing Mr. Wickenden would not be buying more Euro Ferries shares, he claimed.

The spokesman said that Mr. Wickenden had arranged with the Inland Revenue to sell the shares some months ago. Since then, however, the lengthy negotiations over the purchase of Singer and Friedlander and the financial periods directors' sales sales are frowned on under the model code, had held up the deal.

Downturn for Clayton, Son at half year

THE EFFECTS of prevailing conditions both at home and abroad on the capital goods industry have reduced first-half 1980 taxable profits of Clayton. Son and Co. (Holdings) to £270,571, compared with £337.814. The directors of the engineering group envisage that full year profits will be considerably reduced against the £963,687 for 1979, although they say improved results have been achieved in see no prospect of a turn in the trading pattern before the year

The interim dividend is held at 1.3975p net-last year's total was

Turnover in the first half moved ahead at £5.41m (£5.17m). Profits included associates share of £51,704 (£8,240) but was subject to tax of £137,822 (£174,840). After minorities' losses of £486 (£3,783 profits) there is an attributable balance of £133,235 (£159,191).

AIRLINE IN RECEIVERSHIP

directors to their bankers, Mr. Anthony Houghton, a partner in and the consequent devaluation Touche Ross and Co., has been of this division's work-inappointed receiver and manager of Air Freight and Skyways Aviation. The group which is based at Lydd Airport, Kent, suspended operational flying last Fri-

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the outpose of considering dividends. Official indications are not ovariable as to whether dividends are interims or finals and the sub-divisions shown below are based meinty on last shown below are based mainly on last year's timetable. TODAY

Interims:—London Atlantic Invest-ment Trust, Outwich Investment Trust, Tern-Consulate, Thersis. Final:—Pochins FUTURE DATES

Interims:

Beacham Nov. 19
Callender (George M.) Oct. 29
Elliott (B.) Nov. 27
Guardian Investment Trust Nov. 6
Joseph (Leopold) Nov. 12
Lake View Investment Trust Oct. 28
Lunuva (Ceylon) Tea & Rubber Oct. 30
Scott and Robertson Nov. 11
Yorkivde Oct. 30

Wellman in

with Birlec

£750,000 deal

Wellman Engineering Corpora-

tion has agreed to buy Birlec's industrial heat treatment and

induction melting furnace business, excluding its contract heat treatment interests, in a deal worth up to £750,000.

The business will be trans-

ferred to Wellman Incandescent

the Birlec plant at Aldridge, Walsall, and Wellman will offer

employment to a number of

The consideration will not

satisfied by the issue of 1.25m

Birlec has sold these shares

through James Capel and Co. buy a placement with institutional

The remaining payment, to be made in cash, relates to the bal-

ance of work in progress and stock to be taken later.

Birlec employees.

ordinary shares.

Spong seeking borrowing powers increase

The directors of Spong and Co. are seeking approval to increase the company's borrowing powers to an amount equal to four times the adjusted share capital and reserves.

On the basis of the last audited balance sheet this would be £2.2m, compared with the current amount of £1.1m which is twice the share capital and

As reported on October 21, the company suffered heavier first-half losses of £350,000 (£123,064) and is carrying out a reorganisation programmes which includes a reduction in staff from

218 to 60. Mr. D. W. Spong, chairman says that because of the con-tinuing trading losses the directors cannot be confident that by the date to which the next audited balance sheet will be made up, the adjusted capital reduced to an amount at which the borrowing limit at the present level would not be

Stanley Miller setback

in pre-tax profits is reported by Stanley Miller Holdings, building contractor and civil engineer, for the half-year to June 30, 1980. Turnover rose from £6.02m to £7.43m.

The downturn has been brought about by various factors, and the Board says the lack of sales in private house building progress has resulted in a substantial loss. The separate civil engineering subsidiary has also

pany's main activity, building contracting in the UK, has increased and with some improvement in margins. Turnover in Saudi Arabia has continued to fall against near static

There was an associates' loss of £4.431 against profits of £66,590 last time. After tax down from £51,000 to £3,000 and minorities, attributable profit came out at £6,640 (£49,286).

The interim dividend is suffered a considerable loss.

The Board adds, however, that there is one bright feature in profits of £263,465 (£190,082).

Midway loss for Lowland **Drapery**

On turnover down slightly from £2.6m to £2.37m, Lowland Drapery Holdings, textile warehouse concern, has suffered a pre-tax loss of £112,500 for the half year ended June 30, 1980, compared with a break-even £300 profit last time.

The company has again omitted the interim dividend—last year's final was 1.5p when a £61,805 loss was incurred.

The directors say that a certain amount of reorganisation, including redundancies, took place during the six months, but this has been followed by much more drastic action in recent

The Brunswick Street property has been completed and is up for sale. Further redundancies have taken place, and apart from two small factory units and the retail outlet in Bechin, the whole group operation is now housed in the Wilson Street-Hutcheson Street property.

The directors say these changes will bring about a considerable reduction in operating costs, but the advantages will be much more evident in 1981.

Trading as a whole continues to be dull, because of the recession, and directors say it is doubtful if turnover for the full year will match that of 1979. They add, however, that taking

into account the reorganisation, there are definite indications that the company will return to profit exceed £750,000 of which £625,000 relates to £300,000 good-wil plus certain plant, work in progress and stocks already acquired. The £625,000 has been Loss for the first half was after

depreciation of £33,100 (£32,000) and interest amounting to £85,800 (£60,800).

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times: Baker Electronics derived from mining the pre-cious stones, it is stated. Marinex Petroleum (Oil and

meaningful appreciation or assessment of the implications SPAIN Banco Bilbao
Banco Central
Banco Exterior ...
Banco Hispano ...
Banco Madrid
Banco Madrid
Banco Urquipo
I Banco Vizcaya ...
J Banco Zaragoza ...
J Braco Oracados

High Low 1252 203 282 217 220 203 244 200 137 1175 141 284 237 190 132 261 208 248 200 123 73 58 66 53.2 40 23.2 71,7 58.7 Oragados Espanola Zinc Gal, Preciados ... Hidrola 40 23.2 71.7 58.7 68.2 57.5 123 100,7 Patroleos ...
123 100,7 Patroleos ...
125 58 Patroliber ...
126 102 Sogefias ...
127 58.2 Union Elect

MINING NEWS

RTMZ acquiring **Empress Nickel**

likely.

OFFERS are being made by Rio Tinto Mining (Zimbabwe) for the shares not already held in Empress Nickel Mining and Riotrust (a holder of Empress) because of the troubles being experienced by Empress and the future uncertainties facing the Zimbabwean nickel and copper

The offers are: 60 RTMZ shares for every 100 Empress and 38 RTMZ for every 100 Riotrust. Meanwhile RTMZ is declaring an interim dividend of 9 cents (6p) but expects still to pay a total of 16 cents for the year, Empress

cents; and Riotrust 3 cents. the first nine months of the year Production at Empress is to Z\$3.98m (£2.65m), or 25.2 being hit by mining difficulties cents per share, compared with and matters are not being helped Z\$2.25m in the same period of by lower nickel and copper last year.

It is added, however, that no

De Beers prospecting

Middle Wits ground DIAMOND prospecting opera-tions are being carried out by De Beers under an agreement for the companies concerned can be made until further informa-tion is available.

prices coupled with rising costs.

There is now no hope of paying

the forecast total dividend for

the year of 25 cents and a total

of 16 cents now seems more

New mining methods are to be tried and the life of the mine is

not expected to extend beyond

the already forecast eight years.

It is presumed that a 16 cents

dividend can be maintained for

another good quarter thanks to the buoyant prices of gold and emeraids. It brings earnings for

Meanwhile, RTMZ has had

the next seven years.

MEEKATHARRA'S COAL RESERVES

with a subsidiary of Middle Witwatersrand (Western Areas) on the farm Venetia in South Africa's Zoutpansberg district.

Middle Wits and Anglo Transvaal Consolidated have respectively Australia's Meekatharra Minerals says that assumed coal tive interests of 65.6 per cent and 21.9 per cent in the sub-sidary which holds the rights to reserves at its Arckaringa Basin in South Australia are now put at more than 1.5bn tonnes comprecious stones. In the event of discovery which warrants the pared with the 700m tonnes reopening of a mine De Beers is entitled to acquire these rights. ported for the June quarter. Although core sampling has

not been sufficiently extensive to be representative of the whole deposit, analyses have shown the coal to be sub-In such an event the benefits which would accrue to Middle Wits and Anglo-Vaal would depend on many factors, but provision is made for royalties to be paid to them on the profits bituminous.

The company adds that it could be suitable for use in conventional power stations while to be also suitable for gasifica-tion and liquefaction.

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and to Fully paid in 71% (now 51% + tax credit) Cumulative Preference Shares of £1 each £1,205,059 £1,400,000 in Ordinary Shares of 25p each

£1,245,059 £1,450,000 Application has been made to the Council of The Stock Excha for the whole of the share capital of the Company issued and now to be issued, to be admitted to the Official List.

Particulars of the Company are available in the Extel Statistical Service and copies may be obtained during usual business hours on any weekday (Saturdays and Bank Holidays excepted) to and including 11th November, 1980, from Berwin Leighte Adelaide House, London Bridge, London EC4R 9HA.

M. J. H. Nightingale & Co. Limited

£000's capitalisatn.	Company	Last price	Change on waak	Gress Div (p)	Yleid .	F
2,370	Airsprung	41	– .	6,7	16.3	2
575	Armitage & Rhodes	23	_	1.4	8.1	5
- 10,693	Bardon Hill	176	+3	9.7	5.5	- 6
710	County Cars 10.7% Pf.	71	3	15.3	21.5	
7,308	Deborah Ord	95	– .	5.5	5.8	4
4,387	Frank Horsell	117	-1	7.9	5.B	3
9,390	Frederick Parker	65	_	11.0	18.9	. 3
1,682	George Blair	79	-1	3.1	3.9	
2,125	Jackson Group	-85		6.0	7.1	3
16,562	James Burrough	120	-2	7.9	6.6	9
3,111	Robert Jenkins	305	-5	31.3	10.3	-
	Torday	217	_	15.1	7.0	٠ 3
2,297	Twinlock Ord.	10%	-12			_
2,239	Twinlock 15% ULS	82		15.0	18.3	- 1
5.951	Unilock Holdings	39	-2	- 3.0	7.7	8
12.380	Waiter Alexander,	98	-1	. 5.7	5.8	Š
5,544	W. S. Yestes	238	-2	121	5.1	3

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Mr K Gill General Secretary Amalgamated Union of Engineering Workers (TASS)

Sir Terence Beckett

Director General Confederation of British Industry

Mr Anand Panyarachun

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This conference will provide an opportunity to debate and exchange views on the causes of unemployment, the effects on industry and society and to examine the solutions that may be available.

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INTERNATIONAL BONDS

BY FRANCIS GHILES

Swapping is all the rage

LAST WEEK brought little comfort to houses issuing telex to investors points outstraight dollar bonds; only one "Since October 1 a nominal new issue was launched for All Nippon Airways and the \$50m issue for Abitibi Price, announced the week before was cancelled. The latter event was attributed to the Canadian company's very poor results more than to the bond market's weakness.

The only straight dollar issue which started trading last week, the 131 bond to 1992 for Trailor Train, quickly fell to a 31 per cent discount from its price of 99. By Friday, however, the price had recovered 951-961 after what many. dealers described as heavy turn-

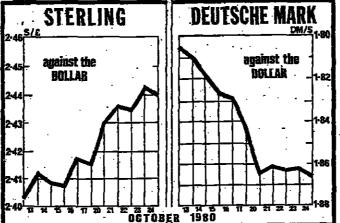
Virtually all the straight issues launched in October are still standing at discounts of tion being the 121 per cent clearly in which direction the bond to 1984 for Federal Business Development Business ness Development Bank, which is standing at a discount of slightly more than 1 percentage point from its price of par.

CREDITS

As Kidder Peabody's weekly "Since October 1 a nominal value of \$745m has been offered and priced in the fixed income sector of the Europond market. Unfortunately, the present market value is only \$713.47m, which equates to an average price per bond of 95.77."

Dealers agree that, at these lower levels, bargain hunters could be found who were prepared to buy paper. Such buyers however are not com-mitting new funds to the market; rather they are swapping. After great new issue binges such as the one the market indulged in two weeks ago price anomalies inevitably

turnover in the secondary market remains very low: many who will be that country's next been enjoying. A \$70m conver- Turbo Resources: some bankers President. Last week the tible was launched for Tokuy questioned in particular the sharper than usual movements. Corporation last week. The marketability of this issue,



Despite such activities, the more cautious. Overall prices was increased by \$10m to \$50m, dipped by a of a point on the while the issue for Ocli was

week.

accelerated. The only recent convertible favour with no sign of an erd which has not been well to the Indian summer they have received is the \$25m bond for

in currencies made them even convertible for Moran Energy which is only 25 per cent con-

BY PETER MONTAGNON Brazil chases German money

attention from France to to clinch deals before the end Germany in as attempt to raise financial - credits linked to export credit borrowing.
German banks are being asked Germany in its attempt to raise of the year. to raise a \$152m syndicated credit to accompany DM 136m of export financing for the Porto Primavera hydro-electric

The credit, which is being led by Dresdner Bank, is in two s, each of \$76m. One is a 10-year finance with a grace period of five years at a margin of 11 per cent and the other an eight-year credit with four years' grace and a margin of 1

-This latter portion surprised many bankers, since it is } per cent below the 11 margin applied by French banks to a similar fund-raising exercise by

Petrobras All the banks providing the funds are German, except for

liers of the project.

Besides the Korea Development Bank \$600m credit which was mandated on Friday night, terms on the forthcoming major loan for the National Bank of Yugoslavia should be finalised fairly soon. The borrower is meeting banks today in London to discuss the credit which is expected to be for around \$300m over-seven-years with a margin of 12 per cent over Libor.

German banks are also discussing a large credit for Yugoslavia on similar terms. As already reported the borrower sought a loan totalling DM 1.5bn, but the final amount is not fixed as talks continue over the extent of the readiness of the German export insurance agency. Hermes, to guarantee part of the borrowing.

In Mozocco the \$150m club deal for Office Cherifien des Morgan Guaranty, which is Phosphates is virtually complete. participating through its Frank-furt branch to establish a including five U.S. institutions, relationship with German sup-are providing funds for the are providing funds for the credit which is being arranged

public sector agencies, according to Sr. Carlos Zubillaga, the Director of Public Credit. He told the Financial Times , he

> The plan would hit the raising of new short-term funds rather than rollovers of existing borrowings, Sr. Zubillaga said. Two more Canadian dollar

order to the country's foreign

horrowing when he meets bankers in London this week.

deals are being arranged for borrowers in Spain by Bank of Montreal following the success of its credit for Cia Sevillana de Electricidad. Iberduero is seeking C\$100m and another electric utility, Fenosa, is looking for C\$55m. Both of the credits carry the credit for the Kingdom of same terms as the Sevillana bor-

rowing, which may be raised chase of naval patrol boats from to as much as C\$100m from Italy to control smuggling and C\$60m originally because of oversubscription. The terms A large number of banks, provide for a per cent margin over Canadian prime rate for nine vears.

BRAZIL HAS switched its as borrowers and lenders hurry of short-term borrowings by loans in a number of other

countries. The long-awaited \$350m air craft financing package for the Portuguese airline, TAP, was would present a "comprehen- awarded to Chase Manhattan, sive overall plan" to bring National Westminster and Banco Portugues do Atlantico on Friday. Besides Eximbank and ECGD finance, the package includes a \$115m syndicated

loan in two tranches. The first is a \$52.5m credit over 11 years with a margin of a i per cent for the first four years, } per cent for the next four and } per cent thereafter. The second is a \$62.5m three year credit with a margin of per cent. Proceeds are to buy five Lockheed TriStars with delivery in 1983/84.

Manufacturers Elsewhere, Hanover is arranging a \$100m Thailand to finance the purpiracy and protect offshore gas installations in the Gulf of Siam. The credit carries a margin of per cent over eight years. Manufacturers Hanover

BONDTRADE INDEX AND YIELD

The interest shown in these also arranging a \$130m credit Brazil's renewed efforts to through Banque Marocaine du credits by banks and borrowers for the Spanish car manuraise funds coincides with signs Commerce Exterieur. alike is understood to have facturer SEAT. The INI group of a slight upturn in volume — Venezuela has finally begun prompted Bank of Montreal to unit is paying a margin of a per in the syndicated credit market to clamp down on the valume look at possibilities for similar cent over U.S. prime rate.

vertible. On Friday it was trading around the 95 level.

Neshiti, Thomson Ltd., the London subsidiary of Canadian investment house, ceased its Eurobond market making activities on Thursday and will reorganise itself so as to concentrate on marketing and trading in the areas where it has been active for many years, FRNs, and Eurobond issues for Canadian borrowers denominated in U.S. and Canadian dollars. This change has come about because Nesbitt feels it does not have sufficient capital to compete with the larger bond

Prices were throughout the week in the foreign D-Mark sector, a weakening currency, and the likelihood of much heavier government domestic funding as a result of the slowing of the economy, as well as a heavy new foreign D-Mark calendar, all took their toll. Most seasoned issues shed about 12 points.

Amid all this gloom the Midland International issue which was increased by DM 30m to DM 180m was six times over-subscribed: as a result allocations to underwriters were extremely tight. They were much less so when the Japanese Airlines issue was completed, because it was only comfortably subscribed.

The possibility of a fall in Japanese interest rates in the beginning of November made Electricite de France postpone the launching of its Y20bn Samurai bond issue, scheduled for last week until November 7. The coupon on this 12-year issue, arranged by Yamaichi Securities, was originally expected to be 8.6 per cent.

U.S. BONDS

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CURRENT INTERNATIONAL BOND ISSUES

BY PAUL BETTS

Fears of Fed squeeze grow

THE TWO most widely watched by the central bank's monetary mittee, the body which reviews the spotlight, according U.S. weekly monetary aggrepolicy.
gates, MI-A and MI-B, rose by The latest economic and an insignificant \$386.8m and monetary data has heightened \$410.9m respectively in the week the market's suspicion that the not prevent a hypersensitive even further in the wake of the Federal Reserve reported

Although in an academic growth and inflation. sense there is widespread consensus that the market is overreacting to the weekly monetary figures, the fact is that Wall September meeting of the Street continues to be worried Federal Open Market Com-

ended October 15. But this did central bank may squeeze money market reacting nervously and what it sees as a stronger than sending short-term interest rates expected strengthening of the leaping further on Friday when economy coupled with little economy coupled with little evidence of a slowdown both in the latest money supply figures. the expansion of monetary

> These suspicions were apparently endorsed by the release on Friday of a summary of the

the Fed's day to day management of the Money market. The minutes of the meeting showed that the Fed had decided to tighten its monetary policies, Last Tuesday, the Open Market Committee met again.

Although its conclusions will not be released until much later, the market has been looking for further clues of possibly tighter Fed policies. But despite widespread expectations that the Fed would be squeezing money

further, there has so far been no evidence of this. In the bond market this week.

Salomon Brothers, will be on the U.S. Treasury's latest funding announcement which is expected to involve a total package of \$8.25bn to repay some \$5bn in maturing issues and \$3.25bn in fresh funds.

FT INTERNATIONAL BOND SERVICE

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13.43	Low 20 86.32 (2/4) 71.54 (29/2)
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rate (1 three-month; mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date=First date for conversion into shares. Cov. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

next coupon becomes effective. Spread=Margin above six-month

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais: Commerzbank AG: Deutsche Bank AG: Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg, Algemene Bank Nederland NV: Pierson, Heldring and Pierson; Credit Snisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondurade: Credit Commercial de France (Secs.) London; Citicorp Inter-national Bank; Daiwa Europe NV; Deltee Trading Company; Dillon, Read Overseas Corpora-tion; EBC; First Chicago; Goldman Sachs International Corporation; Nambros Bank; IBJ International: Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turn-bull; Sumitomo Finance Inter-national; S. G. Warburg and Co.; Wood Gundy.

Closing prices on October 24

This announcement appears as a matter of record only



EMPRESA NACIONAL DE ELECTRICIDAD S.A.

-SPAIN-

US \$ 80,000,000 Ten-Year Multicurrency Loan

Managed and provided by

BANKAMERICA INTERNATIONAL GROUP THE BANK OF TOKYO, LTD

BANQUE DE L'INDOCHINE ET DE SUEZ

BANQUE DE LA SOCIETE FINANCIERE EUROPEENNE S.F.E. GROUP

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KREDIETBANK N.V.

THE MITSUI TRUST AND BANKING COMPANY, LIMITED

Agent

Banque de l'indochine et de suez



October 1980

WORLD STOCK MARKETS

Companies and Markets	WORLD STO	CK MARKE	13	
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FINANCIAL TIMES SURVEY

Monday October 27, 1980

Northampton

In common with other areas of Britain, Northampton has not escaped the general shake-out of labour. Nevertheless, substantial new manufacturing investment is being committed to the town and there is an upsurge of demand for factory and office accommodation in the area which, in recent years, has attracted more than 50 overseas companies or subsidiaries. ARTHUR SMITH reports.

Further industrial projects planned

NORTHAMPTON, against the .economic recession, gives cause expansion of this overgrown East Midlands market town— an idea conceived optimistically the 1966 Labour Government to help contain the expected upsurge of population and employment in the South-East that would follow "the white hot technological revolurinn" and the new dirigiste system of economic planning is now delivering benefits to Mrs. Thatcher's free enterprise Government.

The town has not escaped The town has not escaped the general shake-out of labour; traditional industries. Such as footwear, are shedding tabs. But new manufacturing fivestment is being committed, with more than 1.6m sq feet of factories under construction to the state of factories and the same for office the same for office the same for office the same for office the same factories. an upsurge in demand for office accommodation and a new town nicentre shopping development about to start. The initial impetus for such

houses, but growth has already completed, along with 1.4m An additional factor for an corporation has already agreed gained a momentum of its own. sq ft of offices and 800,000 sq ft Administration pledged to terms for the sale of property the development corporation, of new shops. New highways remove the distortions caused worth £6.5m and expects to The development corporation, established by a Labour Government, has adapted rapidly to the philosophy of the new Con-servative Administration in selling off assets and harness-ing private capital for new

Mr. Leslie Austin-Crowe, the general manager, believes ex-pansion is already close to becoming self-financing. Govern-ment funds will be needed in the normal way for social and welfare facilities, such as schools and hospitals, but the development corporation should gives cause in the main be able to finance ironically, future industrial and commercial developments.

Mr. Austin-Crowe, appointed to the top job only this month after more than 11 years a chief estate surveyor with the task of attracting companies to the town, takes over at a time of some uncertainty. The Govern-ment has still to set the completion date to signal the winding down of the development corporations at the "third generation" new towns of Milton Keynes, Peterborough, Northampton, Telford, Central Lancashire and Warrington.

In 1968, when Northampton, a town of 120,000 people some 60 miles north of London, was designated for expansion to help allevaite the problems of housing and overcrowding in than 100,000 in little more than a decade

have cut through the countryside and housing estates established as more than 18,000 jobs have been created.

. But by the middle of the 1970s the national economic climate had deteriorated with projections of population growth revised downwards and concern mounting about the drift of jobs and people from the inner city areas. A funda-mental review of new towns policy resulted in a decision by Mr. Peter Shore, the Environ-ment Secretary, in September, 1975, to reduce Northampton's target population from 230,000 to 180,000. A vague date of the "mid-1980s" was set for achievement of that objective.

Keeping the figures in proportion

Northampton, currently with 157,000 people, is already only 23,000 short of target. But Mr. Austin-Crowe is quick to move away from the cold statistics and point out that modest as the target might appear in the target might appear in national terms it still represents the creation of a new town the size of Leighton Buzzard.

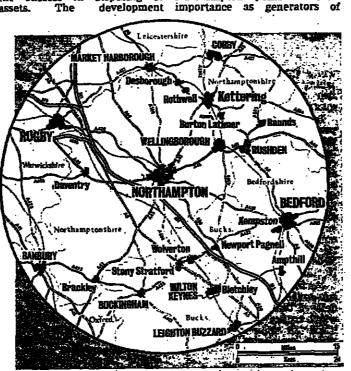
For the Government with its commitment to the market economy, there must be concern about whether it is necessary to the capital, the aim was for a continue public intervention population growth of more and finance through a development corporation to force more rapid growth in an area already guaranteed success because of replid expansion might have Progress has been dramatic, guaranteed success because of icome from heavy State invest. More than 7m sq ft of factories its central position, astride the ment in new roads, schools and and warehouses have been motorway network.

by regional assistance must be whether Northampton should suffering from serious structural unemployment.

Against Northampton can point to the fact it is now less dependent upon public funds because of the success in disposing of assets. The development

realise a further £8m to £9m in the current financial year. be given special treatment at Provided the property market is a time when there is not only a shortage of mobile industry, strong until recent weeks—the but when unassisted areas, such as the West Midlands, are coupled with private sector investment should generate sufficient revenue to finance the remaining commercial and industrial development.

Supporters of the continued expansion of new towns such as Northampton point to their



economic growth. Mr. Austin Growe says that reports sug-gest one of the biggest problems for British industry in finding good land and buildings. Northampton can offer the benefits of a mature infrawith structure shopping, housing and training facilities, plus greenfield factory and office sites.

Northampton, it is argued, provides the right environment for development of growth industries. The Northampton-shire Chamber of Commerce points out that there is already a strong representation of companies with an interest in micro-processor technology. Demand for small industrial units has shown no sign of easing as the recession has gathered pace. Mr. Austin Crowe reports that all of the 31 1,000 sq ft units now under construction have already been let-"This is the seedcorn of the future." he

The town has also been successful in attracting foreign investment and claims that more than 50 overseas companies or subsidiaries representing countries are operating in the area. Indeed, the development corporation maintains that 30 per cent of the land it has leased in the past two years has gone to foreign companies.

Among recent arrivals are Pitoro Labelling, a French print-ing company, and Roulunds Fabriker, of Denmark, which has established a national fan-belt distribution centre. Festo Pneumatic, the 11th West Garman company to move to the town since expansion, took just to stimulate the private sector chance. Make no mis 20 days from inspecting the and provide homes for first. Northampton is a winner."

9,000 sq ft accommodation which will provide a nationwide distribution and after sales service.

Peculiar to Northampton's expansion as an already established town has been the unique partnership arrangement between the Government-appointed development corpora-Governmenttion and the local borough council.

Benefits of a growing partnership

From an initial period of suspicion and mistrust, the partnership has blossomed to the point where even many of original opponents expansion would be sorry to see the development corporation wound up. Co-operation has been extended to the point of sharing offices and staff and promoting common programmes. government local reorganisation in 1974, the partnership was broadened to embrace the Northamptonshire County Council.

Government calls for cuts public spending have undoubtedly caused strains but have not checked the momentum expansion. immediate impact has been on public sector housing where the level of completions is expected to slump from around 800 this year to perhaps 250 within two years. Such a drop represents a serious jolt to the market.

The development corporation is holding talks with developers

premises to moving into the time buyers. But the sharp decline in its own building programme will automatically impair its ability in future years to offer housing as an attraction to incoming firms. The extent to which that proves a real handicap will depend upon the length and depth of the current recession.

While, on one hand, the development corporation is attracting new companies and creating jobs at the rate of around 2,000 a year, labour is being shed across a wide range existing industry. engineering, which has long since displaced footwear, as the principal industry, has been hit, in particular, by the prob-lems of the vehicle sector and, in general, by the fall in domestic and overseas demand.

There is a recognition that in the difficult economic climate of the 1980s the development corporation may be working less to create job opportunities for the London overspill population and more to ensure continuing employment for already in the town. Such a shift in emphasis would serve only to underline the changed circumstances since Northampton was designated for expansion to relieve the pressure of the expected growth of jobs and population in the south east.

But Mr. Austin-Crowe expresses the hope that the Government will recognise the town's importance in pioneering changes and promoting growth industries. He comments: "If you have a winner, you don't stop it to give the others a chance. Make no mistake,

NORTHANDS real town-real value

A mature 'Middle England' environment, an established local economy and a stable adaptable workforce, all have a real value when adding up the benefits of relocation and expansion in Northampton-a real town.

It is large enough to offer something to everyone, but not so large as to be impersonal - or present the problems experienced in commuting to or simply moving about in the large cities. It has a fully developed industrial and commercial life, yet is surrounded by beautiful countryside only a few minutes away.

As a growing county town on the M1 and midway between London and Birmingham, Northampton's location can pay off in real terms - 50% of Britain's industry and 57% of its population is within a 100 mile radius.

Office buildings in the town centre

Greyfriars House, 160 000 sq ft of offices above the new bus station. Belgrave House, 64 000 sq ft forming part of the Grosvenor Shopping Centre. Compton House, 27 000 sq ft in a prime position. Woodlands House, 13700 sq ft of prestige offices. Other properties 500 to 10000 sq ft.

Office sites in Northampton In the town centre an important site of 3.5 acres for a development up to 300 000 sq ft. Two sites for 30 000 sq ft. At Weston Favell District Centre a site for up to 100 000 sq ft. Moulton Park provides 83 acres of campus sites in a rural setting.



Industrial sites and unit factories

A wide range of industrial sites are available on four employment areas.

A choice of unit factories ranging from 3500 sq ft to 20 000 sq ft immediately available at Brackmills and Moulton Park.

All units have mains services, central heating, offices and parking facilities.

A number of small business units of 1000 sq ft immediately available at Moulton Park.

As a 'real town' Northampton offers the range of cultural and leisure opportunities you would expect and need-be it county cricket, motor racing at nearby Silverstone or live theatre.

To the employer, Northampton offers a central Middle England' location with easy

access to all parts of the United Kingdom, a great variety of industrial and commercial premises - and an intelligent stable workforce with a considerable industrial tradition.

Factories, offices and sites ready when you are

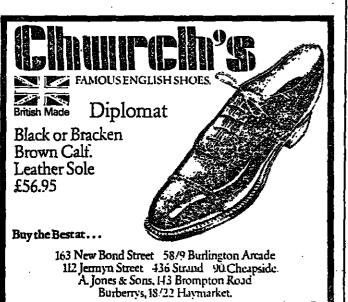
Contact Tony Gray or David Shrewsbury 0604 34734 Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN

NORTHAMPTON II





Probably the best lager in the world.



Wilson (Connolly) Properties Lt

Northampton

Available December 1980

Bernard Thorpe

for fitting out

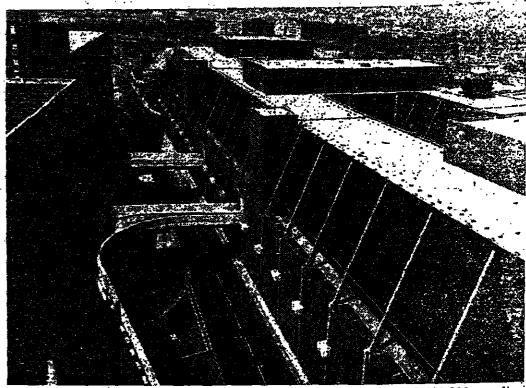
Weedon

A CENTRAL

The Interchange Unit



Award-winning rented housing at Southfields, Northampton. This development of 255 homes won a medal in the Department of the Environment's 1980 Awards for Good Design in Housing



Greyfriars House, Northampton, is a new office development of 160,000 sq. ft. above the town's bus station. Shopping and transport facilities are only minutes

Northampton's geographic advantages appear to have delayed the impact of the recession, in comparison with other areas. The town is particularly well-located for new office and warehouse developments.

Upsurge of interest in property market

of the 1980s with access to the motorway network"-that is the enthusiastic view of Mr. Tony Hewitt, of Wilson and Partners, space this year.

He argues that Northampton is a natural choice for distribution operations, especially since it is located midway between London and Birmingham. More than 50 per cent of British industry and 57 per cent of the population lies within a 100

Recent examples of companies choosing Northampton as the centre for distribution include MFI, the furniture supplier, which has just completed a 600,000 sq ft building on a 31-acre site. Fisher-Price Toys, a member of the Quaker Oats group, has announced plans for a £1m head office and distribu-

quarters.

Ironically, even during a period of recession Northampton can expect to attract wareestate agents, whose Northamp-ton office has already let more than 500,000 sq ft of industrial and may choose to rationalise activities in one centre. For example, British Pepper and Spice, which processes and packs herbs and spices for supermarket chains and grocery outlets, has decided to relocate its three existing units at a 52,000 sq ft factory Northampton.

Northampton's advantages appear to have delayed the impact of recession which nationally began to make itself felt upon most manufacturing companies around last

Progress

Mr. Leslie Austin-Crowe, general manager of the development corporation, maintains that new development continued strongly into June and

struction. Demand tends to be include the letting of 9,500 sq

ft to £2.10. tions to the private seclur as a fully realised. More than 1.5m sq ft of effices were built during the first decade of expan-

sion but an important stimulus was provided by the demands of local government and the public sector following reorganisations.

of the 60,000 sq ft Riverside House to Rockware, until recently the market was quiet. Ostensibly there was almost 300,000 sq ft of empty offices July.

"It is only in recent weeks main to three large blocks, the largest of which is Greyfriars getting as many inquiries but it is taking longer for them to be translated into actual commitments." he says. Such delays, the bus station in the rown lead to decisions to rationalise ments." he says. Such delays, the bus station in the rown lead to decisions to rationalise retail units throughout the common and possibly relocate operations. ing new investment projects, suitable only for a large organi- outside London.

"NORTHAMPTON is experi- while UOP Bostrom is under-encing its own industrial taking a £9m project to estab-encing its own industrial taking a £9m project to estab-revolution. It is the road projects and respect to the stable of the road projects are normal during periods of sation wishing to move away on the retail front, North- emerged with Grosvenor the ampton is also scheduled for prime location. Gold Street has more than 1.6m sq ft of But local agents report a important town centre projects. Emerged as an area for discount

beaviest for small units of the activity of the series of had stood empty for some time.

prompted new schemes includ- year on a retail and hotel distribution centre are ing a project by Centros development on the three-and-apparent, hopes for its development as an important provincial building next to the Barelaycard in Abington Street, North-office location have not been offices at Marefair. Asking price ampton's prime shopping area. for the offices, which will become available next year, is likely to be £5 a sq ft—a detailed plans but it is hoped has a sufficiently distinctive considerable jump on present to provide up to 110,000 sq ft character to hold its own. The levels and a rental which of shops and a 60-bedroom normal pattern is for people reflects today's building costs, ablic sector following re-ganisations. Plans are also well advanced for a 55,000 sq ft development at Cliftonville where a similar rent will be sought.

Viewpoints

the real reason for the sudden ment it is difficult to envisage "It is only in recent weeks main to three large diocks, the upturn in demand, but a any project of constitution and any projec upturn in demand, but a any project of consequence for

industrial accommodation, of tremendous upsurge" in More than 830,000 sq ft of and specialist traders, while which some 270,000 sq ft is interest for offices over the last retail accommodation has been Bridge Street attracts restaurspeculative, is now under con- three to four months. Deals provided in the first decade of ants and professional services expansion, of which the most such as estate agents.

ing to Wilson and Partners, While Northampton's attrac- The changed climate has hopes to start work later this Negotiations are continuingwith the local authority on the detailed plans but it is hoped

Mr. Hewitt insists the within around 20 to 30 minutes' demand for shopping at what travelling time. This would is a prime site is already mean Milion Keynes attracting evident. The new development would link to existing shops and the Grosvenor Centre to provide the central retail axis. Agents are not clear about After the Notre Dame develop-

a clear trading pattern has

and cynicism begins to emerge and they run the risk of joining the "professional unemployed." He warns of the further

danger that once pupils believe

employment prospects are restricted the motivation to achieve at school may be lost.

Mr. Carr takes up the point. He argues that the situation has to be monitored and the message

put across to pupils that most of their schoolmates do, in fact, find jobs. He cites the case of

Corby, 15 miles away, where the rundown of the steelworks had lead to large scale unemploy-

Leicester, which enjoys a high reputation as a shopping centre. will attract people north of the Within the town centre, retail units are thought to be trading profitabily and it would not the next few years, attempting to assemble a site with a view to demolition and rebuilding The borough council, however, will today hold a special meet-ing to decide whether to press shead with plans to build a

Northampton has ascendancy in shopping facilities within the county. even though centres have been

provided in recent years at Daventry, Wellingborough,

Kettering and Corby. A clear

rival to Northampton is Milton

Keynes where a 1m sq ft shop-

ping centre opened this year. Traders are watching the posi-

tion carefully but believe

Northampton, as an established

town with one of the largest

open market squares in Europe, has a sufficiently distinctive

to shop at the largest centre

some of the people to the south

of Northampton.

recreational and cultural complex, likely to cost around £8m. The Derngate Project, linked to the existing Royal Theatre would provide a 1,500-seat multipurpose hall suitable for musical performances or spectator sports. The scheme is likely to meet with some opposition from the minority Labour Party, but Mr. Cyril Benton, the Conservative leader of the council, argues that much of the finance for the project could be raised by selling off property, such as the freeholds on indus-

Another project, but this time suggested by the develop-ment corporation, is for a leisure and recreation complex which would include a new stadium for Northampton Town Football Club. The aim would be to attract a private developer to finance the scheme as part of an out-of-town shopping centre near to the M1 motorway. The retail content would be considerably smaller than the 220,000 sq ft Weston Fayell district centre to the east of Northampton. Too large a development could clearly pull trade from existing shopping trade from existing shopping

The retail and leisure scheme is scheduled within the next five years as part of the development of the southern district, the next major area for

Job prospects for school-leavers in Northampton have been particularly disheartening this

emerging problem.

Anxiety among school-leavers

year. Nevertheless the authorities are providing a quick response to combat this

After a disappointing search for jobs, Sheelagh Clancy, aged 16 (left), and 17-year-old Michael Marshall are back at school. They hope that further qualifications will improve their job prospects.

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FOR 17-year-old Michael Marshall and 16-year-old Sheelagh Clancy it is something of a surprise to be back at school. Both left Thomas Becket—a Northampton upper school with around 770 pupils —last June, confident they would find a job.

Michael, well-groomed and articulate, explains: "I went for about 20 jobs. For most of them I managed to obtain an interview, but every time it was a case of being told get more qualifications or more experi-

Disappointment, he turned to despondency and then determination.

"I could not believe I was so useless. I decided to come back to school and obtain more qualifications for the future." Many of his friends, he reports, are still unemployed. They can earn beer money by working in cafes or pubs. Sheelagh, a shy, pretty girl, wanted to be a telephonist or work in an office. She gave up and came back to do a course in commerce. About six of her schoolmates, who left at the

same time, are still unemployed: "Their mothers won't let them sign on the dole," she says. "They mess around in town." Even in Northampton, a prosperous town attracting new growth industries and where the post war complaint has been one of labour shortages, there is an emerging problem of youth unemployment. Overall, the level of jobless at 6.4 per cent is still well below the national average of 8.3 per cent.

But Mr. Brian Carr, Principal Careers Officer for Northamp-tonshire County Council, says: "We would be kidding our-selves to say the speed at which the recession bit did not take us by surprise." Prospects for school leavers

deteriorated rapidly from about April, he maintains. By last month, only 60 per cent of the school leavers had found jobs. compared with 80 per cent at the same time last year.

The official breakdown shows that of the 2,541 leavers, 1,532 under the Youth Opportunities had found jobs, 436 were registered unemployed, the position of 335 was unknown, 45 had left the district and 193 were on the Manpower Services Commission Youth Opportunities Pro-

The Northamptonshire Education Committee has responded to the problem by allocating £150.000 to provide additional courses to help the young unemployed.

it has been relatively easy. We are going to be pushing it hard this time," he says.

Mr. David Butlin, fifth form tutor at Thomas Becket and and the man responsible for advising leavers about job prospects, maintains that this

year has been particularly disheartening." mpinyed.

Mr. Carr expresses confidence in the Manpower Services Commission guarantee that by next Easter every leaver will have enthusiasm to find a job for the determination to provide, a perhaps six weeks before apathy quick response.

Opportunities

"There, we were able to tell leavers that, regardless of the overall position, three out of four of their schoolmates did four of their schoolmares our find jobs," he says.

Mr. Butlin expresses a fear that the culback in job opportunities could lead to reduced expectations by publis.

"Some of the talented, students, rather than going on fo university seem to be opting for technician apprentices prose for inversity, seem to be opting for technician apprenticeships. That, in return, reduces prospects for pupils who could normally have expected to pursue such a career. At the end of the day there are not enough jobs to go round and we could be storing up the social problems of the future," he believes.

Thomas Becket is one of the schools pioneering a foundation course under which fifth form leavers return for a 12-month period during which they aim to pick up five O-levels.
But at least one day a week
is spent pursuing a "vocational
interest." A pupil interested in interest. A popul morressour in a career in, say, banking, the hospital service or industrial management is able to gain work experience in the appro-

priate environment. For Northampton, the problem of youth unemployment

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NORTHAMPTON III

Northampton is the traditional home of the UK footwear industry. This profile examines one long-established company with a record of success in home and overseas markets.

Craftsmen with a worldwide reputation

MR. JOHN CHURCH, managing by nearby engineering concerns. But Mr. Church reports a satisfactory and retailer of quality particularly in recent months as shoes, is a modest, quietly employment prospects within spoken accountant. But he is the town have deteriorated. emphatic about the reason for The St. James factory, where emphatic about the reason for the company's success in both full-time employment has been home and overseas markets. maintained, is something of an "We have a history of quality. exception in an industry hit by Shoes have been made here in a slump in UK demand Northampton by skilled craftsmen for more than a hundred Northampton has not escaped years. If I gave you flom and its share of closures and redunsaid make shoes like Church's, dancies at a time when nation-you couldn't. You would not wide 6,000 jobs in the industry have the labour and the skills."

the traditional home of the UK are currently on short-time. footwear industry, the Church footwear industry, the Church company is recognised as something exceptional in terms of factory's output is exported and quality leather and craftsmanith has been possible to offset ship. The 450 workers at the some of the decline in UK men's footwear factory set amid the terraced streets of St. James take a pride in the product.

MAT. Church points out that the periods out that some of the decline in UK demand by boosting overseas sales. The philosophy is simple: "there are discerning people in markets throughout the world who are prepared to

Open Door

The spirit of the family firm established by the three Church brothers in May 1873 survives. Workers know the policy. operated by Mr. John Church and his cousin, Ian, who is group chairman, means they can carry any problems straight to the top. The factory is very munity, with sons tending to number follow fathers and other doubling members of the family into the Yes," John Church smiles, "I think you might say we almost have dynastic elements within the factory."

The workforce tends to be ageing, as wages within the footwear industry have usually

ave the labour and the skills." have been lost this year and Indeed, even in Northampton, more than one in ten workers Mr. Church points out that

the world who are prepared to pay for a quality product," he

Even for Church, while it has avoided the cuts in production capacity implemented by many others within the trade, it is a question of maintaining existing manufacturing rather than looking for expansion. The growth that has taken the group to an annual turnover of to the top. The factory is very around £30m has been achieved opened last year and there are much part of the St. James com- on the retail side with the three retail outlets in Belgium number of shops nearly Retail-operations in the UK doubling from 80 to 156 over the

potwear industry have usually year's results, which show that and around north and east employment for een lower than those offered UK retailing accounted for 62 London, was bought two years back at St. James.



Despite the problems facing Britain's footware industry, some unufacturers—such as Church winning valuable export orders

per cent of the group profit ago to extend the group's before taxation. By contrast, manufacture and wholesaling, while providing 44 per cent of turnover, returned only 25 per to sell men's shoes.

Manufacturing operations are organised within the Church and Co. (Footwear) subsidiary. In addition to the St. James factory addition to the St. James ractory around 150 workers are employed at another Northampton site making women's shoes. Another subsidiary, Joseph Cheaney and Sons, a quality men's footwear company at nearby Desborough, was acquired in 1967 and employs 200.

Expansion

The company long ago realised the value to its high grade image of establishing a presence in retailing, buying a shop on New York's Madison Avenue in 1929. Only this month the neighbouring shop was acquired to make possible a considerable expansion. Anand a wholesaling business gave the Church group a turnover in £1.5m. A Canadian-based subsidiary operates 24 shops and a small factory. A Paris shop was

are again geared towards up-market footwear. The biggest market footwear. The biggest chain is A. Jones and Sons, simply, the profit margins on manufacture over the past 10 years have not been high.

Margins on shoe retailing have."
The point is underlined by last

The trend by footwear manufacturers to expand retail activi-ties reflects not only the potena defensive reaction to the power of the multiples to hold down the price paid to the producer.

By concentrating on a specialist sector to some extent, Church is cushioned from the vicissitudes of a highly cyclical fashion-orientated industry.

Mr. Church, while acknow-ledging that his company offers traditional products such as English brogues, nevertheless design to keep abreast of fashion and styling changes, particularly for export markets

The range of shoes offered will vary from country to country according to local preexample, which has emerged as an important market in recent years, special lasts had to be made. The Japanese foot is shorter but wider than the

totalled nearly £4m last year, with the U.S. and Common Market countries providing the pursuit of new fields agents are currently being appointed in South America. Every foreign customer who opts for the Church "Made in Northamp-ton " brand ensures continued

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Initial 1 2 3 4 5 1 1 2 2 3 4 5 4 5 4 5 5 5 5 5	a sne	mer p	CTION	10 SILL	your 1	iccus.
Evera Interest P.a. p.a. 1-00% 1-50% 2-00% p.a. p.a. p.a.	शिय		YEAR	YEAR	ŸEAR	
	Extra Interest Rates	0-50% p.a.	0-75% p.a.	1-00% p.a.	1-50% p.a.	2-00% p.a.

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PROFILES: Leslie Austin-Crowe/Alan Parkhouse

Taking an -optimistic

MR LESLIE AUSTIN-CROWE. a somewhat flamboyant moustachioed personality prone to hearty laughter, could prove the optimistic character that Northampton needs. He took over this month as general manager of the Development Corporation at a time when the town is emphasising its importance as an engine for economic growth and supporter of free enterprise initiative rather than as an instrument to ease the social problems of the London conurbation.

The job of general manager of a development corporation which must work in partner-ship with the local borough council and the Northamptonshire County Council requires the skills of a diplomat. Mr. Austin-Crowe, 52, follows a healthy but sceptical line, laughingly bemoaning the fact that his political passions have been dissipated by age.

conviviality willingness to chat about the problems and concerns of the professionalism bred of many



Mr. Leslie Austin-Crowe

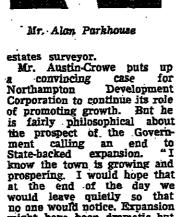
expansion. He was appointed chief estate surveyor for Northampton in June 1979 and has been the key figure in promoting the town and nego-

seven years as a deputy director of development at Basingstoke, a market town scheduled to triple its 25,000 population a partnership arrangement between the Greater London Council, the Basingstoke local authority and

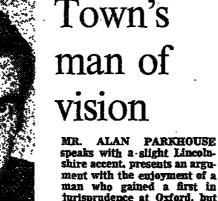
Hampshire County Council in the history of a town That appointment followed a mentioned in the Domesday nine-year period with Harlow Development Corporation as the blink of an eye."



Northampton prospective employers. He joined Northampton after State-backed expansion. might have been dramatic but



Book the growth period is but



shire accent, presents an argument with the enjoyment of a man who gained a first in jurisprudence at Oxford, but knows Northampton better than most. As Chief Executive and Town Clerk to the Borough Council that he joined in 1949, his desk in an office at the top of one of the blocks now common to the Northampton Skyline, is clear of papers. He knows the personalities, the nuances of any situation and can always turn up the facts in his efficient filing system.

He points to the photograph on one wall of the extensive office which shows Northamp-ton as it was when he joined —one of those provincial out-posts, prosperous and full of character but maintaining a market town mentality.

On the opposite wall is an aerial view of the new Northampton where modern offices and multi-storey car parks stand stark against the mature buildings of a more relaxed age.

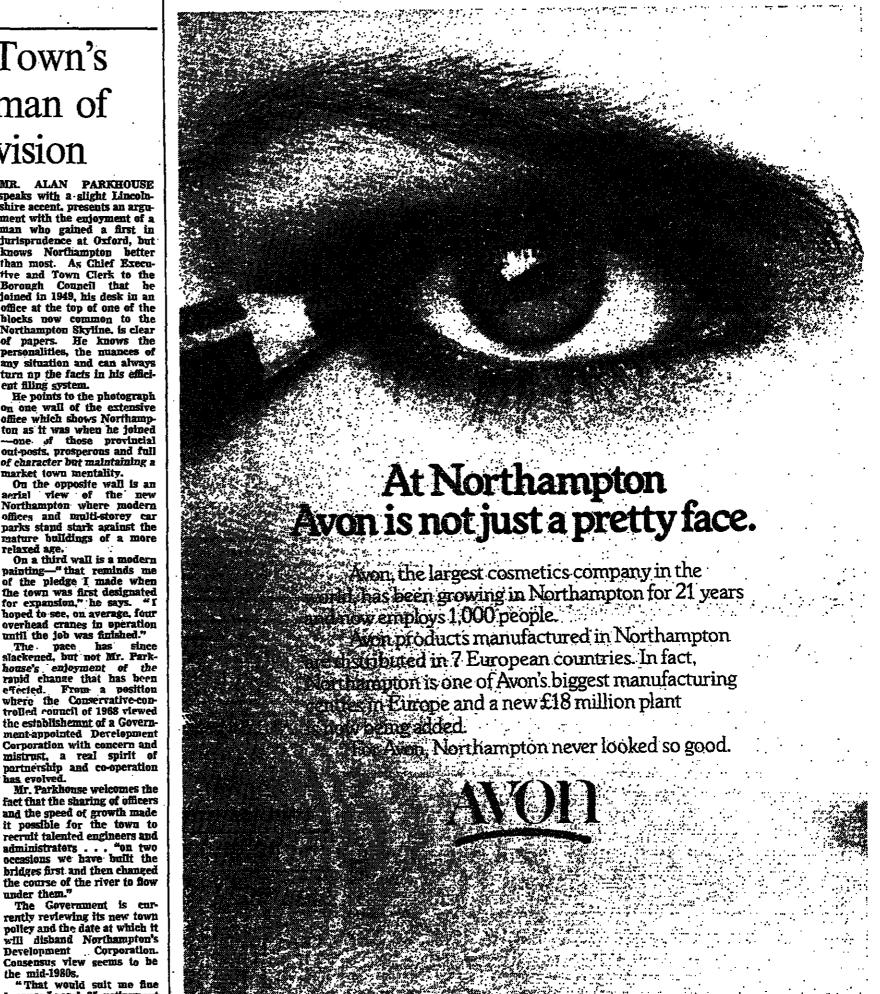
On a third wall is a modern

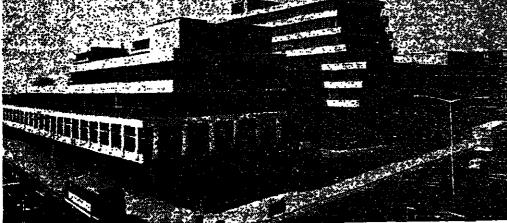
honed to see, on average, four overhead cranes in operation until the job was finished." The pace has since slackened, but not Mr. Parkhouse's enjoyment of the rapid change that has been effected. From a position where the Conservative-controlled council of 1968 viewed the establishemat of a Govern-ment-appointed Development Corporation with concern and

has evolved. Mr. Parkhouse welcomes the fact that the sharing of officers and the speed of growth made it possible for the town to recruit talented engineers and administrators . . . "on two occasions we have built the bridges first and then changed the course of the river to flow under them."

The Government is currently reviewing its new town policy and the date at which it will disband Northampton's Development Corporation. Consensus view seems to be the mid-1980s.

That would suit me fine age, in 1986," Mr. Parkhouse



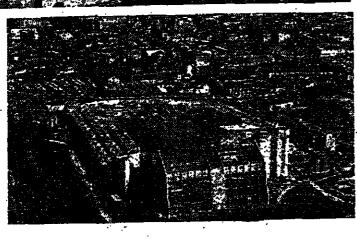


A ABOVE

Barclaycard was one of the first firms to set up in the "new" Northampton in 1972. Barclaycard House, above, a development of 230,000 sq ft. is one of the largest office

RIGHT >

A view, looking north towards Northampton's town centre; in the foreground is Carlsberg's



Kobe Steel forecasts first half

TOKYO-Kobe Steel, Japan's fifth largest steelmaker, estimates that its profit before-tax and special items in the first half ended last month will be about Y30bn (\$143m), or 30.7 per cent more than the Y22.95bn earned in the same period the previous year, Mr. Kokichi Takahashi, president

of the company, said. Sales are thought to have reached about Y580bn (\$2.8bn), up from Y485bn. The company is expected to report its busi-ness results for the half on November 13.

The company attained the first-half performance on the back of strong demand for steel products from customers such as vehicle manufacturers and shipbuilders, Mr. Takahashi commented. The company had made an exchange profit of Y8bn in the half.

For the full-year, the company expects to achieve profits before tax and special items—of Y50bn, and sales of Y1,200bn. compared with Y46.63bn and Y1.020bn, respectively.

Modest rise at NY Times

By Our Financial Staff
NEW YORK TIMES newspaper lifted net earnings by a modest 3 per cent in the third quarter to \$7.99m or 66 cents a share compared with \$7.70m or 65 cents in the same period last year. Sales revenue moved ahead at a higher rate of 9 per cent Southam Inc. Canada's second largest newspaper chain with interests in book retailing and general printing earned C\$22.1m (US\$18.9m) or \$1.77 a share in the first nine months against \$500m credit with a margin sition dissident Kim Dae-Jung, CS20.7m or \$1.66 a year earlier. over interbank rates of ‡ per who is now appealing.

Caesar's World chiefs 30% gain in quit over licence ruling

BY DAVID LASCELLES IN NEW YORK

man of Caesar's World, one of Jersey's Casino Control Comprospect that the Perlmans the largest gambling and entermission ruled last week that it were evidently prepared to tainment companies in the U.S., would only issue a permanent comply. resigned over the weekend so licence if the two men severed

he U.S. outside Nevada. temporary licence which ex- two years, has been grossing Mr. Clifford Perlman and his pired last night. Although the \$500,000 a day and contributed brother, Stuart, who founded commission's conditions were nearly half of the company's Caesar's, had been accused of severe, the Atlantic City casino earnings.

THE CHAIRMAN and vice-chair- links with organised crime. New holds out such a lucrative

They may, however, appeal that their company could all links with the company and the commission's findings that qualify for a full licence to sold their stock Between them they lack the "good character, operate its new casino in they own 18 per cent. honesty and integrity" to be Atlantic City, New Jersey, the Caesar's had been operating gaming licensees. Caesar's only legal gambling centre in its casino in Atlantic City on a Atlantic City's third casino in the U.S. outside Nevada.

Korean bank to raise group in \$600m Eurocredit

international markets by South Korea since the political unrest this summer.

A mandate to arrange the borrowing was awarded late last Friday to Bankers Trust, which has already begun approaching other international banks about possible participation in the credit. The terms are only slighly more expensive to the horrower than those paid by Korea at the start of this year.

The credit bears a margin of per cent over London interbank rates for eight years. There is a flat management fee shared by all the banks in the

the loan but, unusally, will not

change Bank negotiated a a Korean court on leading oppo-

THE Korean Development Bank is to raise a \$600m Eurocredit, the first major borrowing in ing five.

Given the severe political un rest which broke out in the country this summer, some bankers had been expecting the new Korean Development Bank credit to show a substantial hardening of terms.

However, the favourable conditions which it has been able to obtain are understood to be dictated by the wish of a number of leading international institutions to demonstrate their continuing support for

A further indication of this is that Bankers Trust will seek to persuade a very large management group of particimanagement group.

Bankers Trust is arranging pating banks to join the credit. The mandate had been expecreceive any special fee for doing ted to emerge several weeks so. ted to emerge several weeks ago, but it was delayed because In March, the Korea Ex- of the death sentence passed by

Singapore

Government approval has been given for a land purchase on the Gold Coast, the Australian tourist resort, involving Robin Holdings, of Singapore. Robin was refused approval to make the purchase itself, on the grounds of the bid coming from a wholly foreign-owned com-

Mr. John Howard, the Trea-

Australian deal CANBERRA — Australian

pany.

surer, said that the bidding com-pany, Honiton Pty, was 50 per cent owned by Robin Holdings and 50 per cent by an Austra-lian resident. It was the intention of the company, he said, to develop the 1,545-hectare property for subsequent sale to Australians over a 10-year to 15-year period.

The development of the property was expected to bring benefits to Australia in the shape of additional housing accommodation and the provision of opportunities for more

CURRENCIES, MONEY AND GOLD

level of company destocking day, the market was rather dis-

A less taxing week than expected

BY COLIN MILLHAM

Conditions were very tight in the London money market last week, but probably not as difficult as expected. The call on 12 per cent Exchequer 1998 contributed £425m to a severe shortage on Friday, but throughout the week the major problem was payment of VAT and some PAYE which was only offset on Thursday by disbursements to local authorities of £360m rate

Payment of VAT was a major factor in calculating the shortage on the week, and although the sums involved were considerable the authorities to reduce interest it seems possible that the rates by offering to buy eligible amount was offset by a lower bank bills outright on Wednes-

OTHER CURRENCIES

Oct. 24	£	\$		<u>£</u> Note Rates
Argentina Peso	4752-4772	1943-1950	Austria	32,25-32,65
lustralia Dollar	2.0875-2.0915	0,8520-0,8525	Belgium	75,30.74,10
Brazil Cruzeiro	145.10-146.10	59,595-59,795	Denmark	14,05 14,25
inland Markka		3,7095-3,7105	France	10,58-10,63
reek Drachma	105,602 107,528	43.30.43.45	Germany	4,57-4,63
long Kong Dollar			Italy	2165-2260
ran Rial		n.a.	Japan	520 525
uwait Dinar/KD:		0.2682-0.2683	Notherlands	4.95-5.00
uxembourg Frc.		29.88-29.90	Norway	12.08-12.28
	5.2325 5.2450	2.1390 2.1410		11812-136
iew Zesland Dir.	2.5000 2.5050		Spain	17814-1881s
audi Arab. Riyal.		3.3210 3.3240	Sweden	10.31-10.46
ingapore Dollar.	5.0825-5.0950		Switzerlandi	4.075-4.125
th. African Rand	1.8250-1.8275		United States	
A.E. Dirham			Yuguslavia,	76-79

than anticipated. Recent VAT payments have been swollen by the lack of raw material purchases from companies hard hit by the recession and resorting to large-scale de-stocking. Although industry in general is still running down

stocks some sections of the economy may once again be buying stock and in an indirect way helping to ease the shortages

reducing their VAT payments by thus keep rates up.

in the money market.
Funds were hard to find however, and despite the efforts of

least the prospect of falling interest rates, the discount houses would prefer to buy back the bills in the future under a repurchase agreement In the event the houses sold only a small number of bank bills, preferring to borrow and

Another factor behind the high level of interest rates was the demand for Eurosterling which was reflected in the interbank market. Overnight money was very firm, to the banking figures.

day, the market was rather dis-appointed with this tactic. At tripping which has hardly times of high yields, and at stopped since the last banking make-up day. This seems to be the corporate treasurers' way of gaining some relief from crippling interest rates. The problems of this are that the overdraft system and may try to stop the practice of borrowing on overdraft in order to lend into the money market by increasing commitment fees. At the same time it may keep interest rates higher than necessary for a longer period because of the distortion caused

GOLD

	<u> </u>	Oct. 24	1	Oct. 23
		Gold Buillion (fine o	unce)	
-	Close	(£258-259 4) (£2534-256) .£266,644: (£258,473)	\$635-638 \$648-651 \$649-25 \$634,50	(£2593 ₄ -261) £2661 ₄ -2671 ₂) £266,446 £259,244
		Gold Coins		
•	Krugerrand	(£2661g-26712) (£1351g-1371q) (£1357-1371q) (£28-701e) (£28-29) (£26-66) (£26-66) (£74-75) (£74-75)	\$556-658 \$356-840 \$170-174 \$69-72 \$650-854 \$162-163 \$184-186 \$169-172 \$794-798 \$621-625 \$756-760	(£268-2691 ₂) (£136-140) (£68-78) (£28-30) (£28-30) (£2651 ₈ -2681 ₂) (£661 ₄ -671 ₄) (£75-77) (£75-77)

THE DOLLAR SPOT AND FORWARD

Oct. 24	Day's spread	Close	One month	% p.a.	Three months	p.a.	Oct. 24
UKt	2.4375-2.4850	2.4390-2.4410	0.63-0.53c pm		1.45-1.35 pm	2.29	Ų.S,
irelandt	2,0040-2.0110	2.0070-2.0100	0.10-0.20c dis		0.10 pm-par	0.10	Canada
Canada	1.1676-1.1691	1,1676-1,1679	0.27-0.22c pm	2.51	0.61-0.56 pm	2.00	Nethlad,
Nothind	2.0195-2 0260	2.0200-2.0210	0.92-0.82c pm	5.17	2.30-2.20 pm	4.46	Belgium
Belirum	29.88-29.931-	29.88-29.90	71:-6c pm	2.71	16-13 pm	1.94	Denmark
Denmark	5.7235-5.7460	5.7235-5 7250	0.40ors pm-0,10	dis 0.31	1.70-2.20dls	-1.36	Ireland
W. Ger	1.8630-1.8740	1.8655-1.8665	0.90-0.96pf pm	5. 66	2,40-2.35 pm	5.09	W. Ger.
Portunal	50.73-50.96	50.78-50.88	10-25c dis	-4.13	30-65 dis	-3.74	Portugal
Spain	74.79-74.93	74.84-74.89	80-95c dis	-14 02	190-220 dis -	10.95	Spain
Italy	884 50-855.50	884.50-884,90	31,-41, lire dia			-7.37	Italy
Verway	4.9190-4.934	5 4.9240-4.925	01.20-0.70ore pm	2.31	2.80-2.30 pm	2.07	Norway
France	4.2960-4.3100	4.3030-4.3050	1.15-1.05c pm		2.33-2.23 pm	2.12	France
Sweden	4 2130-4.2180	4.2170-4.2180	0.55-0.70ore dis	-1.78	2.40-2.55dls	-2.35	Sweden
Japan	212,10-212.90	212 45-212 55	0.35-0.70y pm	4.38	2.30-2.15 pm	4.19	Japan
Austria	13.201-13.231	13.201-13 2112	3.10-2.60gro pm		7.00-5.50 pm	1.89	Austria
Switz.	1.6620-1.6780	1.6745-3.6755	1.45-1.40c pm		3 55-3,50 pm	8.42	Switz.

t UK and Ireland are quoted in U.S. currency. Forward promiums and discounts apply to the U.S. dollar and not to the individual currency.

Oct. 24	Day's spread	Close	One month	% p.a.		% p.a.
		2.4390-2.4410				
Ų.S.	2,4375-2,4650		0.63-0.63c pm		1.45-1.35 pm	2.29
Canada	2.8420-2.8780	2.8430-2.8450	1.25-1.15c pm		3.00-2.90 pm	4.15
Nethlad,	4,92-4.99	4.924-4.934	314-214c pm		9-8 pm `	6.90
Belgium	72,85-73.65	72.90-73.00	40-30c pm	5,76	85-75 pm	4.39
Denmark	14.01-14.13	14.01-14.02	412-3ore pm	3.21	4-2's pm	0.91
Ireland	1.2030-1.2280	1.2040-1.2050	0.35-0.30p pm		0.52-0.47 pm	1.64
W. Ger.	4.541-1.61	4.55-4.56	35-25pf pm		8½-7½ pm	7.13
Portugal	123,75-126,25	123.90-124.10	5c pm-30 dls			-1.45
Spain	182,50-183,90	182.55-182.65	150-205c dis	-11.66	380-485 dis	-9.47
ltaiv	2158-2176	2157-2158	314-515 lire dis.	-2.36	234-264 dis	-4.68
Norway	11.99-12.13	11,992-12.003	67 ₈ -41 ₂ ore pm	5,69	14 ¹ -12 ¹ pm	4.44
France	10.47-10.60	10.47-10.48	51-41c pm	6.01	12 ¹ 2-11 ¹ 2 pm	4.58
Sweden	10.26-10.37	10,26-10,27	fore pm-par-	0.58	par-1 dis	-0:19
Japan	515-525	51B-519	3.25-2.80y pm	7.00	8.95-8.45 pm	8.71
SintsuA	32, 15-32, 55	32.17-32.22	16-14gro pm		36-32 pm	4.22
Switz.	4.08-4.12	4.081-4.091	45-35c pm		111-101-pm	10.40
			4½-3½-cpm Iranes, Financia			10,

THE POUND SPOT AND FORWARD

Six-month forward dollar 1.82-1.72c pm, 12-month 2.25-2.15c pm.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 24)

3 months U.S. dollars bld 13 15/16 offer 14 1/18		6 months U.S. dollars		The fixing rates are the efithmetic mesns, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks
				at 11 am each working day. The banks are National Westminater Bank, Ba Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgen Guaranty 1
EURO-CURRI	ENCY IN	TEREST R	ATES (Market	Closing Rates)
			anadian i	West Gorman

14-17 174-1914 19-20 2014-2114

Long-term Eurodollar two years 124-13 per cent; three years 124-13 per cent; four years 124-13 per cent; five years 124-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japaness yen; others two-days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.25-13.45 per cent; three-months 13.60-13.70 per cent; six

LONDON MONEY RATES

	Sterling Certificate of deposit	Interbank		Local Auth. negotiable bonds	Ноизе	Company Deposits	Discount market deposits	Tressury	Eligible Benk Bills #	Fine Trade Ellis é
Overnight 2 days notice		18-23	17-19 184-18a		=	=	1634-16	=	Ξ	
7 days or 7 days notice	_ '	181 ₂ .183 ₆	184	=	1812		 157a-16		i = 1	=
One month Two months Three months.	17-163 ₄ 1659-163 ₉ 16 ₁₂ -16 ₁₈	171g 174 1612 165g 1614 163g	174-174 164	175g-1734 1634-174 16-161s	17.5 16 13	1712-1764 1718 1642-17	14Tg	1438-14;;		17 16 ₃₈
Six months	15 ig 14 is		1514	147g-155g 145g-15	16¦} 153, 14¦}	Î6 154		144-144	153g 144	164 1478
One Year		1416-1416	141 ₆ 135 ₈ -137 ₈	1414-1418	144	15	_	<u> </u>] =	=

15° per cent.

Approximate selling rate for one-month Treasury bills 14%-14° per cent; two-months 14%-14° per cent; three-months 14%-14° per cent. Approximate selling rates for one-month bank bills 16 per cent; two-months 15° per cent; three-months 15° per cent; one-month trade bills 16° per cent; two-months 16° per cent and three-months

per cent.
Finance Houses Base Rates (published by the Finance Houses Association) 1672 per cent from October 1, 1980.
Saring Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for landing 16 per cent.
Secury Bills: Average tender rates of discount 13,3334 per cent.

	rate %	Drawing Rights	Current
Sterling	16	0.530141	
U.S. \$	11 75	1.50176	1,87107
Austria Sch	634	unavall' fe	
Beiglum F		38.9942 7.47861	41,0534
Danish K D'mark		2.43598	7.87681 2.66459
Guilder		2,68671	2,77505
French Fr		5,61319 1152,38	5,90795 1213,74
YeR	8,25	274,411	291.490
Norwgn, Kr., Spanish Pte		6,41833 97,3209	6,75116 102,692

CURRENCY RATES

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

Announce
Date ment last

Date ment last

Date	ment last	Dete mant last
	year	year
AcrowNov. 6	Int. 1.5	"Hepworth (J.) Oct. 30 Final 3.0
Akroyd and		Hitl Samuel Nov. 14 Int. 1.834
SmithersNov. 22	Final 15.0	*Kwik Save
Alfied Irish		DiscountNov. 20 Final 2.2
BenksOct. 31	Int. 2.75	Land SecsNov. 15 Int. 2.5
Anderson		London and .
StrathclydeNov. 22	Int. 1.0	Mid. IndsNov. 8 Int. 2,9
Assoc.		"Lucas IndsNov. 10, Finel 8.433
Brit, FoodsNov. 5	Int. 1.1	*Mailinson-
ANZNov. 19	Final 12.0	DennyOct. 29 Int. 1.5
*BPBNov. 15	Int. 4.0	*Metal BoxNov. 24 Int. 8.47
*Bank of		Pauls and
trelandNov. 8	1st 7,5	WhitesNov. 22 Int. 1.75
*BeechamNov. 19	Int. 2.88	Powell
*Beli (A.)Oct. 29	Final 3.52	Duffryn,Nov. 22 Int. 4.25
*BootsNov. 13	int. 2.875	Readicut IntlNov. 7 Int. 0.55
Brit. & Comm.		RedlandNov. 22 Int. 2.67
ShippingNov. 15	Int. 5.5	*Reed IntlOct, 28 Int. 4.0
British SugarNov. 15	Anal 5,885	Renald Nov. 22 Int. 2.8
Brockhouse Nov. 22	Final 2.65	Rothmans Intl. Nov. 22 Int. 1.0
BurtonNgv. 21	Final 7.0	Sainsbury (J.) Nov. 7 Int. 3.0
Capitel and		*Sketchley Nov. 4 Int. 2.8
Counties,Nov. 23	Int. 1.0	*Smiths IndsNov. 11 - Final 6.136
ChloridsNov. 14	Int. 1.7	Smith (W. H.) Nov. 13 Int. 2.0
*Coats PatonsOct. 30	int. 1,4	TescoNav. 21 Int. 2.0
CourtauldsNov. 22	Int. 2.888	*Tozer Kmsly.
De La RueNov. 13	Int. 6.6	Milbourn,Oct., 28 Int. 1.59
Eastern		UniteverNov. 14 Int. 8.94
ProduceOct. 19	Int. 1.4	WedgwoodNov. 21 Int. 1.75
French KierNov. 22	Int. 0,95	WhitbreadNov. 6 Int. 1.494
Great	. •	WisiyHughes Nov. 9 Final 6.764
Prtind. EstsNov. 19	Int. 1.0	· -
*HambrosNov. 20	Int. 52.5	Board meeting intimated. † Right
*Harrisons &		issue since made. ‡ Tax free. § Scri
CrosfieldOct. 28	Int. 7.5	issue since made. 1 Forecast.

Public Works Loan Board rates Effective from October 18

Vears
Up to 5
Over 5, up to 10
Over 10, up to 15
Over 15, up to 25
Over 25 Non-quota loans B are I per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include

principal and interest). § With half-yearly payment of interest only. **BASE LENDING RATES** A.B.N. Bank 16 % Hambros Bank 16 % Allied Irish Bank 16 % Hill Samuel 516 % American Express Bk 16 % C. Hoare & Co. 16 % Hongkong & Shanghai 16 % Henry Ansbacher 16 % Hongkong & Shanghai 16 % Hongkong & Shanghai 16 % Hongkong & Shanghai 16 % Hongkong & Shanghai 16 % Hongkong & Shanghai 16 % Hongkong & Shanghai 16 % Hongkong & Shanghai 16 % Keyser Ullmann 16 % Knowsley & Co. Ltd. 18 % Knowsley & Co. Ltd. 18 % Hongaris Trust Ltd. 16 % Banco de Bilbao 16 % Lloyds Bank 16 % Edward Manson & Co. 17 % Bank of Cyprus 16 % Samuel Montagu 16 % Banque Belge Ltd. 16 % Morgan Grenfell 16 % National Westminster 16 % National Westminster 16 % Banque Beige Ltd. 16 % Banque du Rhone et de la Tamise S.A. 16½% Barclays Bank 16 % Barclays Bank 16 % Bremar Holdings Ltd. 17 % Brit. Bank of Mid. East 16 % Brown Shipley 16 % Canada Perm't Trust. 17 % Cayzer Ltd. 16 % Charterhouse Japhet. 16 % Charterhouse Japhet. 16 % Choulartons 16 % Consolidated Credits 16 % Co-operative Bank 16 % Co-operative Bank 16 % Corinthian Secs. 16 % Duncan Lawrie 16 % Eagil Trust 16 % National Westminster 16 Norwich General Trust 16 P. S. Refson & Co. ... 16 Rossminster Ryl. Bk. Canada (Ldn.) 16 Schlesinger Limited ... 16 E. S. Schwab Standard Chartered ... 16 Trade Dev. Bank 16 Trustee Savings Bank 16 Twentieth Century Bk. 16 United Bank of Kuwait 16 Whiteaway Laidlaw ... 161% Williams & Glyn's 16 % Wintrust Secs. Ltd. ... 16 % Yorkshire Bank 16 %



RECENT ISSUES

Latest

EQUITIES

Issue	ate of the standard	rteet nund, late	1980		Stock	물은 발	 or	or Per Per Per Per Per Per Per Per Per Pe	Mes Sered	\$ P	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
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90 \$15 67 \$150	F.P F.P F.P F.P	<u> </u>	320 466 80 32 146 200	218 338 70 26 92 180	HBrint Invs	72 27 125	+ 10 8 1 +2 +4	17.5 — — ±7,88	ΙΞ	=	4.8
	FIXED INTEREST STOCKS										

. # 4 4 0

lasue prios	Amoun	Renties Date	<u> </u>	80 Low	Stock	Olosing Price	+ or				
100p. 1100p. 1100p.	F.P. £10 F.P. F.P. F.P. F.P.	10/10 31/10 10/11 -	111 118p 151s 117 115 97 70 48 25 81pm 563e 116	102 96p 14½ 106 103½ 95 61 20½ 36pm 35¼	Foseco Minsep 84% Cnv Red Cum2ndPri Do 10% Conv Uns Ln 1995 Hintervision 7260v. Pref. Lee Valley Water 94% Red. Pref. 1987. Gueens Most 104% Cons Uns Ln '89-91 R.T.Z. 912% Conv. Uns. Ln. '95-2000 S. Rindesis 5% '78-81 Assid. Do. 412% '77-82 Assid. Do. 312% '80-85 Assid. Do. 412% '77-92 Assid. TownCentreSecs.9%Cnv.Uns.Ln.'86 29008 Western Deep 18% Uns. Deb. '86-93 Do. Options Zimbabwe settlement annuity Reg.	111 109p 161 ₂ 109p 96 62 33 22 4pm 364	+1				
ĺ	"RIGHTS" OFFERS										

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		Pal	•		High	Low	·	유호]
54 300 118 27 660 A\$3 157 500 R\$6 240 240 240 240 240 240 240 240 240 240	5 7 6 5 6 0 7 7 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6		20/10 21/10 31/10 - - 6/10 17/10	20/11 20/11 21/10 21/10 21/11	384 20pm 10pm 800 160pm 40pm 231pm 231pm 5pm 5pm 38 115	342 17pm 6pm 765 130pm 171pm 223pm 231pm 5pm 35pm 87 101 330 330 93pm	Argyil Foods STR STR Burnett & Hallamahire CRA Cape Industries Commercial Bk. of Nr. East AEast Rand Prop. Units Elder Smith Goldbrough M'rt Huntleigh To 72 Cnv Pref M. L. Hidgs Mills & Allen Mucktow (AJ).	384 19½pm 9½pm 770 149pm 40pm £3½pm £12½pm	+1 +2 +1 -1 ₂ -3 +4 +5 ₄ -11 ₈ -29 -29 +5
370	}	NIÍ F.P.	- 17/10	14/11	5pm 475	428	Pyke (Hidge)	8pm 475	-2

Renunciation date usually last day for dealing free of stamp duty, b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1792. G Gross. T Figures assumed. ! Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Plecing price to public. pt Pence unless otherwise indicated. I I assued by tender. || Officerd to holders of ordinary shares as a "nights." "Issued by tender. || Officerd to holders of ordinary shares as a "nights." "Issued by tender. || Officerd to holders of ordinary shares as a location with reorganisation, merger or takeover. || Introduction. || Issued to former preference holders. || Allottment letters (or fully-paid). || Provisional or partity-paid allottment letters. * With warrants. If Unitsted security. I Dealings under special rule. # London Listing. † Resulting from debt settlement scheme. || Linked units of 4 ord. and 1 option.

Bank of Tokyo (Curação) Holding NV

U5\$50,600,000 Guaranteed Floating Rate Notes due 1989



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd. (Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curacao) Holdings N.V.. The Bank of Tokyo, Ltd., and Citibank, N.A., dated October 23, 1979; notice is. hereby given that the Rate of Interest has been fixed at 1313 p.a. and that the interest payable on the relevant Interest Payable Date, January 27, 1981 against Coupon No. 5 will be US\$178.09 and been computed on the actual number of days elapsed (92).

By: Citibank, N.A., London, Agent Bank

CITIBANCO

LOCAL AUTHORITY BOND TABLE

gross pay Minimum of Authority interest able sum bond (telephone number in parentheses) £ Year.

13½ ½-year 1,000

Rothschild Asset Managem P.O. Box 58, St. Johans Ct., Guera O.C. America Fd. 1 (USS2.61 OCST. Co. 100

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd. Cartmore Invest. Ltd. Ltda. Agts.

2, St. Mary Aze, London, ECS. 01-283 3533

Cartmore Found Managers (C.1) Ltd. (a)(b)

41, Broad St., St. Heller, Jersey. 6534-73741

618 Fand/Lersey)... 76.0

Cartmore Found Managers (Far East) Ltd. (a)(b)

1030 Hondridge. Her., 10 Harcourt, Rt., H. Rong

Australian Fst. ... 8335-88 16.7971-8871 266

Japan Fd. ... 8335-87 19,7979 0.00

Intl. Bord Fund ... 1835-247 25-240 1.00

Intl. Bord Fund ... 1835-271 12.765 ... 9.30

Cartmore Fund Managers (16/00 (2))

ambro Pacific Fund Mgmt. Ltd.

Knowsley 051 548 6555 .

International Pacific Inv. Mgust. Ltd. P.O. Box R237, 56, Pitz St., Sydney, Aust. Jaretin Equity Tst. __(AS3.68 3.60] ____ | 3.80 Jardine Fleming & Co. Ltd. J.F. Japani Small Co. ... Jardine Esta. 7st... Inti. Pac. Secs. (Inc.). Do. (Accum.). Jardine Fierr Int... Jardine S.E.A. J.F. Car. Add. Pullinc.) Do. (Accum.). Japan & Pacific Covist NAV Leapeld Joseph & Sons (Guernsey) Hirzel Ct., St. Peter Part, Guernsey. 0481-26648. L.J. Sterling Fund _______ E12.20 _____ 12.21] ____

Anothele Martin Margan Margan Martin 超號 强强 wort Benson Limited

Lioyds Bank International, Geneva P.O. Box 438, 1211 Geneve 11 (Switzerh Lioyds Int. Growth __ (SF389 629.0) _____ Lloyds Int. Iocome __ (SF289.58 301.00) _____

Midland Bank Tst. Corp. (Jersey) Ltd. 23-34, HM St., St. Heller, Jersey. 0534 36281 Midland Drayson GRI. (100.7 101.2) +0.7] 11.86

Mistray, Johnstone (Inv. Adviser) 163, Hope St., Glaspow, C2. 041-221 5521 Hope St. Fd. Oc. 15. USSA 32 Wisray Fund Oc. 15. USSA 32 Pacific Rd. Sept. 30. USSA 77

NAV U.S. J7 NAV U.

PO Box 77, St. Peter Port, Gu Providence Capitol Life Ass. (C.L.) PO Box 121, St Peter Port, Guerney 0431 20 P.O. Box 73, St. Helier, Jersey ... 053473493 168.5 177.7] -3.71 ---

Schroder Life Group Schroder Mingt. Services (Jersey) Ltd. P.O. Box 195, St. Heller, Jersey. 0534 27561

Singer & Frie 20, Cannon St., El

37 rue Notre-Dame, Luxenbourg. NAV Oct. 20 _____ US\$10.44 _ ____

alife Assurance (Ov

van Curisem & Associates Ltd. 42 Essex Street, London, WC2 01.551545 PanAmer. 0's. Fd. USS16343

Yorld Wide Growth M

Wren Commodity Trust e's St., Douglas IoM . Iod. Tat. ...|43.]

ABMTM Group of Companies Machine Tools Marine Education and Science	FT	SHARE	INFORMA	ATION S	ERVICE	Circ Jac. Jac. Jack May	June Brooke Bond 50 July Cadbury Schriss 64 Jan. Carr's Milling 35 Nov. Cambers & France. 35	Let 30 THE COLUMN TO THE COLUM
Head Office: 20 Park Street, London WI. Telephone: 01-492-1161/6.	LOANS Marie Steek Frice Last	Paid Sanks AND	HIRE PURCHASE C	HEMICALS, PLASTICS	The Distribute Shack - Price	-Continued May May May May May May May May May May	Oct. Clifford Daries. Oct. Do. "A" N/V \$2m June Catlens 20p 1/2 June Catlens 20p 1/4 May Danies B.C., A** 1 June England U. E.) 5p. 18	
Serving the World of Industry and Commerce. BRITISH FUNDS	1ia 1.ilAgric, Mr. 5pc '59-89' 64 24i 301 31DAbtan 102-2c '89-94., 84 24i 1M 1.SMet. Wtr. 3pc '8' 29 1.8i 301 31D U.S. M. C. 9pc 1982 104 16.6i 301 31D Do. without Warnes. 911 ₂ 16.6j	8.91 12.09 Feb. Ass Alexanders D. 12.87 13.50 Feb. Ass Alexanders D. 10.48 12.61 Oct. Apr. Alled Harvey E 8.96 — Dec. June Alled Irish 10.29 13.90 Dec. June Archacher (H.)5 10.48	10 562 198 1025% 1.9 8.1 6.6 Jary — Non	Alzo FL20	3.3(4.2) Feb. Oct. Ward & Gold 85 5.415.3 http://doi.org/10.127 7.4 6.5 Jan. Aug Wellco Hids. 50 222.2	164 (5.0 28 22307 Jan. 1044000000 38 40131 Jan. 1045 1045 1045 1045 1045 1045 1045 1045	Apr Glass Glover 50 46 Jone Harlewood's 20p. 111 Sept Hillards 10p 158	100 100 22 100 100 100 100 100 100 100 1
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120. 12.0m.1Exch.83.nc 1981	11.1a 11.1 2a 100gc Uns.in 86 92 2 241 11.1a 11.1 0a 11nc Uns.in 88 92 241 11.1a 11.1 0a 11nc Uns.in 90 942 241 11.1a 11.1 0a 1	1.61 13.65 May Nov. Clive Des nt 20	1. 374 24 27.0 — 8.0 — Mar. Sept. 1 27 27.0 1 1 27 27.0 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	0.5 %Co.3275 53212 21.9 08 %13.5 ft	Apr. Oct. All Ind. Prods 26 213 3.6 7.2 Oct. June A.P.V. 500 213	28.8 ±0.85 0.5 # — May 29.9 ±8.4 3.4 5.6 5.8 Oct.	Nir. Lovell (G.F) 72 Jan. Low (Wm.) 20p 144 May Marthews (B) 230 Nov. Mest Trade Sup. 88 Jane Mest Trade Sup. 88 Jane Mest Trade Sup. 88 Jane Mest Trade Sup. 38 Jane Mest Trade Sup. 34	239 107.0 157 25 25 239 107.0 157 25 16 239 107.8 1,270 16 249 22 13 13 11 103 02.5 14113 22
17 may 17 m 17 m 15.87 15.57 1	31M 30S Do. 96° A' 91.94 7512 1917 28F 31A Do. 8'Appel.n. 92.97 6912 14.71 FOREIGN BONDS & RA Interest Price Price Last Die 9 Date Stack £ at Great	315 13.80 March Chgn.Hbk.Krii May Cred. France F. Al L.S Jan. Apr. Dawes (G. R.) May New Devicto Bask 1000	1] 551 579 (25124) = 54 = Feb. Oct	LDixor-Strand 5p 24 379	10.13 May Nor, Advert Group 166at 20.13 May Oct. Advan Abstinism 70 Oct. Apr., Adlen W.G 40 Apr., Advan I. Power 52 Apr., Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Amar. Power 52 May Power	159 6.6 13 13.5(7.2) Aug. 1931 3411.11 3.2 July 129 46.16 0.8 1911 Dec. 25 5.5 8.9 July 14.4 12.0 3.3 9.1 4.3 July 14.4 12.0 3.3 9.1 4.3 July 14.4 12.0 3.3 9.1 4.3 July 14.4 12.0 3.3 9.1 4.3 July 14.4 12.0 3.3 9.1 4.3 July 14.4 12.0 3.3 9.1 4.3 July 14.3 July 14.4 12.0 3.3 9.1 4.3 July 14.4 12.0 3.3 9.1 4.3 July 14.3 July 14	Say Needlers 34 Jan Nichols (Vinita) 280 Apr. Horhern Foods 146 Oct. Nurdin P'k. 10p 174 Aug. Parco (P.) 10p 134 Aug. Parco (P.) 10p 134 Aug. Parco (R.) 10p 134 Aug. Parco (R.) 10p 144 Aug. Parco (R.) 10p 144 Aug. Parco (R.) 10p 145 Aug. Parco (R	15 165 23 24 25 15 15 15 15 15 15 15 15 15 15 15 15 15
Size 5.64 Treasury 84.pc '82 279.g 26' 8.86' 12.86 22Mar 22S Ench. 94.pc '1982 933.l 18.4 9.86' 13.03 Silel 5.1d Ench. 86.pc 1983 92.l 24' 24' 94.3' 12.58 21Aug 21F Ench. 3pc 1983 837.e 15.7' 3.58' 11.04 21Aug 21F Ench. 3pc 1983 838.e 1.38' 11.14 21Xy 17Mar Treasury 22c 1983t 97'3 11.81 225' 12.83	- Anatolagasta Riy 621 ₂ 871 Lia Li Du. Spc Pref 55 26 Lia Li Du. Spc Pref 98 1.7 - Chimme 41 ₂ nc 1898 - - Du. Spc 1912 131 ₂ - - Du. Spc 1913 132 ₂ - - Du. Spc 258 exert 16 - 30 Jun. 31D Jenuark 13 ₂ 2005 96 13 IM IN Greek 7pc Ass 35 15 3 IF Al Du. 6pc 25 Sth. Ass. 32 18 3	Jone Dec Gerrard Natur. Jone Dec Gerrard Natur. 3 (3.10 June Goode D't Mry.) Nov. April Grinslays	3 54 Asg. Feb. 28 125 115 - 7,8 - Jone Dec. May 1.204 28,7 10.5 - 7,8 - Jone Dec. May 1.50 29 25,2 0.75 - 3,7 - Arr. Nov. 155 11.8 13.75 5.7 3.5 5.4 Feb. Asg	Hoss. Welct 500, 1860 227 7.5 3.6 (Hossis DM5 222 679 (27) 92 2111 (Hossis DM5 232 679 (27) 92 2111 (Hossis DM5 23) 230 230 231 (Hossis DM5 23) 230 230 230 (Hossis DM5 23) 230 230 (Hossis DM5 23) 230 230 (Hossis DM5 23) 230 230 (Hossis DM5 23) 23	5.7 4.5 Feb. Sept. Assoc. Tooling 172 10.4 3.5 Cet. Apr. Assoc. Tooling 172 10.5 2.5 May New Aurora Hide 35ml 2.0 Apr. Oct. Aurora Hide 35ml	10 0.13 0 0.8 0 lan. 1.8 3.86 10 11.0 13.2 lan. 22 10 7.9 1.7 6.4 13.2 lan. 1.8 4.67 2.1 13.1 5.1 lan. 1.8 4.67 2.1 13.1 5.1 lan. 1.9 7.0 1.4 10.5 18.0 Sept	Jay Roberton Foots Jane Rometree M. 501 Hor. Safeway Stores Jane Sainsbury (J.) Jane Single 10p	24 7.25 23 33 34 25 12 5 43 12 5 43 14 25 13 5 43 14 25 13 5 43 14 25 13 5 43 14 25 13 13 5 43 14 25 13 13 13 13 13 13 13 13 13 13 13 13 13
CAN ZAMAY (FEE. VARIANCE 23.9) 90-38 ALUM 15-35 18-75 18-81 18-18 18	1A 10: Do Goc Mused Arx. 30:d1 1101 2	Dec. July Hardros	626 314 16.5 3.8 44 460 460 460 460 460 460 460 460 460	Liaporte Inds. 50a 92 28,98,75 1117 Flesh Inds 50	1011-0 Feb. Ang Baler Ferk. 500. 73 1712-5 May Nov. Bayro Cons. 20p. 56 1712-5 May Nov. MayBarton & Sons. 37 1712-1 May Dec. Beatiford 10p 29 1712-1 Feb. Oct. Revant (D.F.) 56	73 0.4 20 9.3 6.2 Us. 73 6.45 2112.6/45 Apr. 73 70 46 7.7 3.2 Ct. 75 9h3.27 2512.6 3.6 72 4 34.15 1.6 2 4.3 Mar. 73 4.0 3.9 11.0 2.5 Apr. 74 7 0 3.2 4.8 Apr. 75 14 14 3 Apr.	Sept. Second Live 21 July 90 Apr. Tate & Lyke £1. 156 Tarener Fint. 2bp 24 Sept. Tesco 5p	19 535 35 54 73 164 W5 L7 95 14 784 26 31 678 3 114 57 27 74 15 129 M37 29 65 1
250 June Ench. 3pc 1984	10Ja 10Jlheland 71grc 81-83. 87 4 106 -	13.40 Jan. Sept Manson Fir. 20	88 24 50 81 81 Ar. Sept. 279 145 34 Ar. Sept. 340 277 145 34 Ar. Sept. 340 277 145 145 145 145 145 145 145 145 145 145	Scot. Ag. Ind. 51. 178 112 14.75 2.512	13/46) May Dec Bootson Will July 12	147 35 14179 57 53 076c — 42 — 149 125 27 83 58 144 135 0 17.5 0	HOTELS AND	
Ola 10 half retsery 8-pc 34-86# 894 16 9.80 11.75	May 1 [Turin 90c 1991	2 3.90 June Dec Nat Bk Aug SA Aug. Mar. Nat. West S1. June Ottown Bank (2)		RAPERY AND STORES	A 7 Jan. Oct Braitingaite SI. 115 Jan. Nov. Brasway 10p 40 Jan. Joy Bhouse Dud. 10p 39 November (Bristol Channel, 44.	118 7.0 25 8.7 6.5 Jan. 1.9 4.0 3514.3 22 Dec. 21.17 39 Apr. 21.9 4.0 15.2 4 Apr. 31.11.7 39 Apr. 31.11.7 39 Apr. 31.11.7 39 Apr. 31.11.7 39 Apr. 31.11.7 31.1	Johyferest Walker 5p. 64 Seni, Confort Int. 10p. 213; June De Vere Hotels. 207 Dec. Epicare 5p	125 40 16 41274 273 425 4 727 273 425 4 727 114 1575 12 51 73 12 1575 12 51 73
hand 20 July 1 1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1	Apr. Oct ASA	s C'te Gr's May Nov. Scirnoders £1 May Nov. Scirnoders £1 Jan. July Seccombe MCE Nov. June Switch St. Aub. Apr. Aug. Stand of Chart & Trade Dev. \$1.5 6.0 — 6.4 Sept. Mar. Urion Disc £1	1. 653 15.9 126.0 3.3 5.7 6.7 Movember 15.9 26 075c 2.6 2.7 2.0 0.5 c 2.6 2.0 2.0 0.5 c 2.6 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.5 c 2.0 0.0 0.5 c 2.0 0.5 c 2.0 0.0 0.5 c 2.0 0.0 0.5 c 2.0 0.0 0.0 0.0 0.0 0.0 0.0	Allebone 10p. 19 579 10 20 5 5 5 6 17 10 20 5 5 6 17 10 20 5 5 6 17 10 20 5 5 6 17 10 10 10 10 10 10 10	1 3 4 54 56 56 56 56 56 56	164 4.65 1.923.7(2.6) 1.913.7(2	Oct. Ladbroke 10p	125 0.7 38 48 74 118 112 28 17176 26 0.3 20 46125 26 172 47 37 42 19 10.75 38 29 41 29 49.0 15 83 19
54e. 250rt Euch Hor 1991 875 18 12 2 13 12 2 2 14 2 2 2 13 12 2 14 2 2 2 13 12 2 2 14 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	F. My, Au, N., Amer. Medical Int. 51. 21%, 10309 80; M. L.S.D., Assarco Inte. II	5 — 17 3.8 J. A. Jy. O. Wells Fargo SS 1.2 — Wesland/liv. A.St 0 — 6.5 Nov. March/Wintrust 20p	101 874 — 8.0 Jun. Nov. 15104 2.9051.92 — 8.4 Jun. Nov. 15514 — 048% 2.9 0.4 — Feb. Sept. Jun. Sept. Jun. Nov. 1514 — Jun. Nov. 1514 — Jun. Jun. Jun. Dec. May	Beathle (J) A' 141	13 Apr. Aug. Brown & Tawse 113 Apr. Aug. Brown & Tawse 113 Apr. Aug. Brown & Tawse 114 Apr. Apr. Aug. Buffough 20p 44 May Der. Burges Prod. 46 Apr. Aug. Bufferfield Hvy. 299-216 (81) Aug. LawCapper-Helli 10p. 51 Apr. Aug. Carper-Helli 10p. 57	11.8 4.25 (3.9 7.8) 5.2 Sept. 22.1 (0.75 3.5) 10.71 3.4 28.4 4.0	Mar. Ryan Hotels Sp. 12 Izy Savoy "A" 10p. 126 Aug. Stakis (Rec) 10p. 127 Oct. Trustlouse Forts. 187 Oct. Warner Hot. "A 12p. 53 Aug. Withceler's 10p. 290	27 15 21056 41 144 115 16 18 27 11 17 18 11 10 118 160 22 41 44 118 225 34 41 11 217 588 21 2526
2Mar. 225 Excheque 13-3c 92 1011.4 18.8 13.43 13.41 44.1 44.1 44.1 45.1	M.Je.S.D. Beth Steel SB	5.5 Dec. June Lod Scot. Fin. 10 - 5.4 Dec. June Lod Scot. Fin. 10 January Morryst Merc. 10 - 5.4 Oct. Mar Prov. Financial	0 33 34.6 2.1 1.0 9.1 (1.64) Feb. Aug. 1.537-2 1.6.6 (1.5%) — 4.3 — 0.c. Apr. 1.64 (2.57) 2.4 4.2 (1.44) May Nov. 1.64 (2.14) 4.4 (2.13) 4.6 (2.14) 4.6 (2	Brown (M) 20p. 35 306 332 26 13 Barton Gr. 50p. 101 117 150 29 7 Castors 4 20p 40 29 42.3 — 8 8 Castors (S.) 10p 23 225 1.75 \$\phi\$ 11 Church — 159 159 7.5 46 6 Casto Free 172 p. 34 14 3.75 1 4 31	13 Oct. May Cartwright R. 10p. 40ml 1/26	310 94.63 1.7 # 5.2 24 2.6 2.9 9.1 5.2 26 2.6 6.4 6.6 3.4 30.6 13.3 2.9 2.6 19.5 Mar. 21 30.67 2.8 70.57 Mar. 22 24 40.0 3.9 15.2 3.1 Mar.	INDUSTRIALS OCIAAH	(Miscel.)
27 ZZABOJEVCH. 121-90: 1994	F. By Amil. Chase Minn 5125. 167, 319 528 Mr. Je. S.D. Chesebrough 51. 1112 78 813. 1874 Mr. Je. S.D. Chesebrough 51. 1112 78 813. 1874 Mr. Je. S.D. Chesebrough 52. 126, 579 — 1874 Mr. Je. S.D. Chesebr	BEERS, WIN	1	Conet R. Serv. 5p. 97 10.127 htd.3.5 4.6 5 Cope Sports 5p. 12 16.6 1.0 1.1 1.0	7 45 Apr. Oct. Clifford (Ch.) 11. 44 9 Ars. Feb. Cohen (A) 20p. 250 1293 Jan. July Concentric 10p. 522 2 65 Feb. Sept. Cont W. Shel. 20p. 16 1 (7.9) Jan. June Cooper (re) 10p. 20 0 (1819 Jan. June Cooper ints. 10p. 104 3 78 App. Feb. Cronite Grup. 25	125 17.5 1.4 133.7 0ct. 141 6.8 47.4.0 5.7 0ct. 24 19.2 27 8.7 4.7 0ct. 18 1.3 4.5 11.6 2.7 0ccs 125 ml. 3 5.6 8.0 2.4 Feb. 19 1.25 1.016.68.1 2.3 269	Apr. Aaronson Bros. 10p. 54 Oct. Abbey Ltd 31	118 42 22111 48 118 04.92 3915.9 28 118 11.75 5.8 0.8341 10.12 16 23 12 4023 12.5 5.25 1.9 15.0 4.9
5May 15A Treasary 124.pc; '95±; 97a 91a 13.05 13.12 2Jul. 22Jul. 72Jul. 75.5 15A 1675, 16.6 13.47 13.37 13.37 13.37 13.37 13.37 13.37 13.37 13.38 13.48 1	F. My. Au. N. Colgate-P. S1	2	217 26 17.8 3.0 5.1 7.3 June Nov. June 33 5.11 28.9 Nov. June 172 28.4 15.29 4.4 4.4 6.2 April Oct.	Dinors Paoto 100 129 118 332 42 3 Elis & Gold 150 171 ₂ 28.4 223 1.9 Empire Stores 136ml 13.01 45.1 27 5 Executes 20p 28 29.9 tol. 85 3.9 9 Fairdale Text. 5p 20 23.7 1.5 1.8 10 Ob. "A" 5p 19 26.7 1.5 1.8 11	77 7.0 Feb. Oct. Crown House	912 216 b— 10.6 — Feb. 15.9 1.34 0.6 12.8 (6.6) 15.9 1.34 1.7 2.1 3.1 Jan.	segylaria: merantal 200 septer Amber Ints. 10p. 34 Sept Jang, Am. Asphalt 27ms 11/14pst Compter 475 Aug Jaresson (A) 10p. 399 mber Armout Trust 10p 100 Oct Ashley Ind. Tst. 47	13.00 23 13.05 U 13.00 23 - 11.3 - - 91.5 99 0.5237 16.90 175 17 6.6 30 22.10 01 173 14 63 19 330 331 91 43
2.18 Fessiny 13-46; 77 10.3 16.5 13.25 13.17 14.00 21.Fessiny 13-46; 77 10.3 13.5 13.5 13.5 14.00 21.Fessiny 13-46; 77 10.5 13.5 15.Fessiny 13-46; 75.781; 76 22.7 11.6 12.22 17.Fessiny 13-46; 75.781; 76 11.6 12.22 17.Fessiny 13-46; 75 11.6 13.8 17.Fessiny 13-46; 75 11.6 17.Fessiny 13-46;	#.Ja.S.D. Exxon 3314 7.5 \$5.60 J.Ap.Ly.O. Firestone Tire 3779 1.4 Ap. Jy. O. First Chicago \$5 6110 2.7 \$1.20 Ap. Jy. O Floor Corp. \$5 264, 25.9 80c Mr.Je.S.D. Ford Motor \$2 115, 227 \$1.20 J.Ap. Jy. O Floor Corp. \$5 125, 125 \$27 \$1.20 Mr.Je.S.D. GATX \$5 125 \$2.20	7.9 Aug. Feli Brown (Matthew) Jan. July Budley's Brew. 8.8 Feb. Aug. Budley's Feb. Aug. Budley's Feb. Aug. Budley's Feb. Aug. Budley's Feb. Aug. Budley Lon. Def. 4.7 Feb. Aug. Budley Lon. Def. 6.0 Apr. Oct. Clark (Matthew)	46 28 235 23 73 81 May Oct. 188 1478 534 22 65 82 1 Feb. Apg. 255 1474 51 61 25 92 Jan. Jay. 255 16 17 6 17 6 Jay.	Ford (M*Sin) 10p 231 ₂ 118 226 146 156 157 159 42 4.01 5. 158 159	1 57 Mer. July Deriterd 50p 80	24 18.47 3.0135.11.24 Mar. 7.2 3.2 9.4 4.5 Feb. 12.9 3.0 1.7116.54.2 Jan. 27.7 27.5 2.3 10.2 6.1 John 24.3 7.0 0.1 3.3 7.0 0.1 3.3 7.0 0.1 3.3 7.0 0.1 3.3 7.0 0.1 3.3 7.0 0.1 3.3 7.0 0.1 3.3 3.3 7.0 0.1 3.3 3.3 7.0 0.1 3.3 3.3 3.3 3.3 3.3 3.3 3.3 3.3 3.3 3	Oct. Jassoci. Contros 'A' 84 Juny Ass. Sorayers 10p 31 June Anny & Madeley 20 . 124 Nov. Jasetin F (Ley) 10p 72 Juny BBBA Group	118 8.0 21136 42 324 1025 48 58 43 279 5.0 47 52 17 103 0.36 2517 429 125 263 2813 450
DM 20N Do. A	tor. Oct. Gen. Elect. \$212	7.0 Apr. July Gordon (L.) 10p.	40 125 15 46 54 51 June Nov. 185 26 625 34 48 98 June Nov. 185 26 625 35 35 123 Mar. Dec. 80 166 M.9 28 88 45 Mar. Dec. 116 24 26 9 33 9 May. Apr.	Goodman Br. Sp. 11 299 0.96 0 12 Grattian Ware. 72 29, 6.29 1.111 Gr. Universal 474 28.1 11.62 63.2 3. Gus A. 468ml 11.10 11.62 63.2 3. Greenfields 109 46 24.3 215 29 6. Karis Queessary 17th 113.10 6.0 27 5	5 6 Jan. Sept Edwo (Hidgs) 65 5 013 Feb. Oct Elitest (8.) 210 5121 Jan. Aug. Ews Industries 54 6121 May Oct Ewand 50 8(5.9) May Oct Evanded Metal 50 10 6 t June Dec Farnetr (S.W.) 142	147 9.03 11 19.8(4.4) Asr. 19 12.25 3.0 8.3 4.7 May 147 5.65 4.014.9 4.1 Dec. 26 0.7 4.8 Dec. 28 9.15 1.6 12.9 6.2	Anr. B.E.T. Defd. 134 Oct. BOC Intral. 92 Nov. BTR	118 +42 21 65 15 118 +42 21 65 17 25 105 27 1943 26 126 23 102 65 Intervision 277 — — — — — — — — — — — — — — — — — —
2.10 22.11 (2007.12) 22	Mr.Je.S.D. II. U. International 325p 128451.11 F.Mylani L. Carp. St. 1. 3. 3. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2.	6.0 Aug. Feb. Iries Distillers 1.0 Aug. Feb. Nov. Macallan, Glen. 1.9 Feb. Oct. Marson Thompson. 3.4 June Jan Mortand	75 386 603.9 6.07 4.6 4.1 June Dec. 990rd 1330 6.49 0 1.9 0 1.9 0 May Nov. 117 2.6 13.0 13.1 May Nov. 117 2.6 13.0 1.8 3.7 21.8 June Dec. 651.2 14.7 4.37 1.9 9.5 6.5 Nov. May 122 243 23.7 2.8 2.8 2.9 3. Apr. Oct.	Heigne Lou, 10c. 200, 11.8 1.48 3.9 10. 0c. 12pc Cov. Pt. 190 1911 12.0 26.8 9. Henriques A 10p. 19 14.4 4h1.5 2.9 11. Heswords (1) 10p 98 14.4 3.79 2.6 5. Hiltons 20p 76ut 13.10 44.72 2.7 8. House of Frazer 135ut 13.10 6.0 2.3 6. 3. House of Frazer 135ut 13.10 6.0 2.3 6.		10 0.413 1 Aug. 1254 275 27122 34 Dec. Feb. 125 4.55 1 18152 4.5	Mar, Bath & Porlland Dec Bone Trau USS1 May Beatson Clark Aug Beecham Belemest 8 SCO Beliair Cos. 10p 144	118 361 20129 47 99 064c — 14 — 1310 #8.4 25 #8.5 26 6.13 1.7 60 mm — 017% 3.0 6.5 51 1075 — — —
S 26Mar/Treas, 13-pc 04-08. 105 20.8 12.99 12.97 N Mar 105/Treasury 5-pc 08-12tt. 517, 4.8 1874 11.09 Solo 26.ba Treasury 7-pc 12-15tt. 687, 19.6 11.58 11.69 2 Jun. 120/Exch. 12pc 73-717. 10014 6.5 12.41 12.42	Ju.Ap. Jy. O. Morgan (JP) USS 25 129 17.9 \$2.60 LF. My. Au, Morgan Sagan Inc. \$1. 6776 29.7 \$1.00 M.Jn. \$1.0 Owens-III. \$3.125 109 5.8 \$1.40 Ju.Oc. J.A. Quaker Oats USS 5 111 17.9 \$1.60 Ja. Ju. O. Rep. M.Y. Corp. \$5. 1276 10.9 \$1.00 F. MyAuN, Resmand \$5		136 24 6.0 2.8 55 7.4 Nov. June 136 118 M2 3.8 31 11.1 Apr. Aug. 1362 2.6 4.3 3.5 3.4 9.2 February Oct. Apr.	House of Lerose 63nd 13.10 +5.26 1.911. Jones (Ernest) 10a 108 30.6 (trid3.75 3.0 5.1 Kitchen Queen Blp 1.6 22.12 5	9 5.6 May Dec Greenbark 10p. 15/2 07/4) Nov. June Green's Econ. 99nd 1 May Jan. G.K.N. El. 177 2 4.7 Jan. Aug. Habit Precision 5p 13/2 18 4.6 May Nov. June Hader Carrier 166 18 4.6 May Nov. Habit Eng. 50 170	146 1134 3.0 ± 3.7 Sept. 110 5.23 17 7.5(9.1) Oct. 129 119.39 0.8 # # # # # # # # # # # # # # # # # # #	Agr. Berisfords 54 May Berwick Tlargo. 54 May Bestobell 315 Sent. Bibby (J.) 500 228 May Biddle Hibgs 103 May Bidratated Eng. 132 Liby Billiam (J.) 100. 47	28.7 3.8 4.7 18.1 23 28.7 6.0 3.2 16.5 21 15.9 11.0 21 5.8 13 11.8 16.25 4.9 3.9 7.2 15.9 68.6 1.8 11.9 6.5 26.9 3.5 2.0 15.6 4.5
F. 1 Aug Consols Apr. 34 25 12 10 S. htt 1D War Loan 3-point 33 25 10 12 S. htt 1D Conv. 3-point 37 25 25 S. ht 25	D. Mr. Ju. Richten - Mrr S. St. 128 S 122 S 123 S 128	TIMBER 1. June Nov. Aberdeen Const 2. June Nov. Aberdeen Const 2. June Nov. Aberdeen Const 3. June Nov. Aberdeen Const	AND ROADS May Nov. Sept. Apr. 147 27.9 15.75 3.1 5.6 8.3 Jan. July 198 125 18.44 2.1 6.2 (9.0) Nov. Apr. 340, 25 11.58 4.3 6.7 4.6 Jan. July 198 125 11.58 4.3 6.7 4.8 4.8 4.8 4.8 4.8 4.8 4.8 4.8 4.8 4.8	Liberty	3 — Feb. July Hall Matthew 293 Apr. Oct. Hallflet 50p — 113 2.7 Apr. Sept. Hampson 5p — 9pc July Dec. Hawter Std. — 284 5.7.1 Ocz. Apr. Hill & Smith — 54 217.4 June Dec. Hopkinsons 50p 57	197.75 26 98 4A May 19 100 3 4 47 75 10 10 10 10 10 10 10 10 10 10 10 10 10	JuneBlack Arrow Stb. 28 Oct. Black (P) Hidgs Noc. Blundeli Persi. 92 Noc. Bondyoste Int 68 Oct. Bond Pel. A. 10b. July Booker McC 61pl	118 25 1712850 119 425 41 65-40 147 448 43 75 46 209 40 56 84 36 19 14 19 47 15 10 83.12 3.4 73 43
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CORPORATION LOANS A 310(Bath 112apc 1965 97 15/12.88 13.37 118(bitted 133apc 1961 97 15/12.88 13.37 118(bitted 133apc 1961 97 15/12.88 13.37 18	Union Cartide \$1 194 52 520 53 20 184 185 20 20 20 20 20 20 20 2	7.5 Jan. July Bellway 100	65 125 7.0 26 15.4 29 0ct. April 46 31.6 0.5 2.4 1.6 (21) 3mt 0ct. 40 1.9 2.6 2.6 9.4 6.3 42 14.7 14.25 3.6 8.5 5.6 Apr. 0ct. 88 2.9 16.3 1810.4 7.8 3m. April 332 1.9 31.6 3.6 3.6	Oven Owen 116at 1310 3.7 4.5 4.7 4.5 4.7 4.5 4.7 4.5 4.7 4.5 4.7 4.5 4.7 4.5 4.7 4.5 4.7	May	A6 3.98 1.223.7(5.0) Mary 1.00 4.22 3.4 7.2 5.1 Mary 1.00 1.00 Mary	Sept_Brengreen 10p. 83 Bridgend Proc. 5p. 44 ₂ May/Bridgen. 47 Nov. Bridgent-G 20p. 26 Sept_BB & EA	30 H05 41 22 15 1177 — 1115 20 5 14 24 1 22 15 2 16 16 25 1 33 23 41 16 25 1 37 27 41
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of heating, ventilation, air conditioning and Mill refrigeration equipment.



Zambia holds 12 in swoop on former leaders

BY MICHAEL HOLMAN IN LUSAKA

THE ZAMBIAN authorities has been no confirmation of earnings, were functioning difficulties, mounting have arrested at least 12 pro- this. minent citizens in one of the toughest internal security opera- to-dawn curiew imposed without tions since independence in

Though information remains sparse there is speculation that ago between Zambian soldiers the Zambian Government has, and an armed gang several moved to forestall a coup attempt. There has been no official explanation of the arrests, which were on Friday. but Mr. Wilted Phiri, the Minister of Home Affairs, told the State-owned Sunday Times that "mopping-up operations" were

Among those detained on the 16th anniversary of independence were Mr. Patrick Chisanga, a former Cabinet Secretary; Mr. Edward Shamwana, a prominent lawyer; Mr. Valentine Musa-kanya, a past Bank of Zambia Governor; and Mr. Elias Chipimo, former High Commis-Sioner in London

The newspaper also reported that "a number of Zambia Army

BY OUR FOREIGN STAFF

any decision of the fate of the U.S. embassy hostages.

The debate is expected to

resume today, based on the re-

port of a special parliamentary

committee into how the issue

made at the end of yesterday's

session and there has been no

public indication of the terms

on which the report suggests

the 52 Americans held for al-

most a year might be released.
At the start of yesterday's

debate a resolution that the

session should be closed on

security grounds, was quickly

carried on a show of hands. A second resolution that all debate

on terms for releasing the

hostages should be postponed

until the end of the Gulf war

with Iraq produced several angry speeches condemning

Feelings among the deputies

No official announcement was

might be resolved.

The arrests followed a duskexplanation on most towns on Thursday.

There was a shoot-out 12 days dozen strong on a farm 10 miles south of Lusaka. It is not known what connec-

the shooting and Friday's President Kenneth Kaunda,

though he has kept several public engagements in the past few days, had not commented last night on these develop-

Lusaka and other towns appear calm, but police and army roadblocks have been mounted on most main roads leading out of the capital. There have been unconfirmed

reports of further arrests in the Belt, but mining officials said that the Stateofficers, including a colonel, owned mines, responsible for were also detained." butthere more than 90 per cent export

THE IRANIAN Parliament ad- of an Iraqi guided missile for an apology from the U.S. journed yesterday after three attack on the southern city of featured in the report.

One deputy said the assembly

"release, imprison or

should, in view of the attack.

postpone all debate on whether

execute the hostages." In the

vote, a narrow majority was found to be in favour of con-

tinuing discussion of the report.

out of the 185 members present, must be seen as evi-

the parliament as the war with

Iraq goes into its second

month, When the same pro-

posal was made in the first

week of the fighting, only 15

One deputy said, after yester-day's session, that the complete

report of the special committee

leader

The size of the minority, 87

hours of debate without taking Dezful in which 100 people are

Iran adjourns hostages decision

agree that the events represent Zambia's most serious internal political crisis since 1971, when the late Simon Kapwepwe, Vice-President, resigned to form the United Peoples Party. Within few months the UPP was banned and Mr. Kapwepwe and other senior party officials were detained.

Kapwepwe's support came primarily from the powerful Bemba tribe, nearly a third of Zambia's 5.5m population, who are particularly influential

on the copperbelt.

When he died last year Mr. Kapwepwe left no obvious successor, but several men arrested on Friday are Bembas. An equally significant factor may be the reputation of some of those arrested as outspoken pro-Western anti-socialist critics of the Government and of the ruling United National Independence Party, the sole legal

A combination of economic

A proposal by the militant

student captors of the hostages

that Iran should also demand

the withdrawal of all U.S. forces

from the Gulf was reported to

have

dence of hardening attitudes in the closed session: "In our view

deputies voted in favour of it. diplomats in Tehran-that Iran

had been read and that the four this possibility: "It would give

Khomeini were mentioned in it. not considering any particular Friday.

tainly spies."

the 52 hostages.

Ayatollah nothing in front of us we are

have been rejected as "unrealistic." No details were

forthcoming on the nature of

Iranian position is hardening

came from Hojatolislam Hashemi Rafsanjani, speaker of

the parliament, who said before

some of the hostages are cer-

other deputies and give weight

to speculation among Western

may release most but not all of

conditions set by Iran's revolu- us real problems, but as we have group of 30 engineers travelled

An American official said of

His comments were echoed by

Further evidence that the

any extra Iranian demands.

union hestility and internal dissent present Dr. Kaunda with a demanding test of his leader

Depressed forced Zambia to turn to the International Monetary Fund in 1978 for a two-year 315m (£168m) special drawing rights programme which ended earlier this year. But continuing low copper prices and a fall in the price of cobalt have left the sconomy in serious difficulties.

shortages of essential com-modities and 18-month arrears in import payments and remittances, totalling over Kwacha 300m (£161m) and rising. For two years Zambia has imported maize, the staple food,

Symptoms include sporadic

from South Africa. Farmers estimate that the 1980-81 crop will again fall short of domestic needs, possibly by as much as 250,000 tonnes.

Leading trade unionists, angry about wage restrictions and a high inflation rate, have seldom been so critical of government.

Mr. Walter Mondale, the U.S.

Vice-President, said in a tele-

vision appearance yesterday

that there was "nothing on

which to base any undue optimism."

Mr. Mondale denied that

preparations had been stepped

up to receive the hostages at the

U.S. military hospital in Wies-baden, West Germany.

Iran's state radio reported

that Dezful had been attacked

with Soviet-made Frog-7 guided

missiles. This was the second

missile attack reported on the

evacuation of all 750 Japanese

staff working on the joint Iran-

Japan petrochemical complex in

Bandar Khomeini. The first

out of Iran via Turkey last

fighting in Khorramshahr.

Carter point ahead. says poll

By Our Foreign Staff

A SECOND national public opinion poll has found that President Carter has at least pulled level with Mr. Ronald Reagan, with just 10 days to go before the U.S. Presidential

The Newsweek magazine survey. like that of the New York Times last week, actually put Mr. Carter one point ahead leading Mr. Reagan by 41 to 40 per cent, with Mr. John Anderson, the independent, slipping further back at 10 per

Preference

The margin is statistically insignificant, though it suggests that Mr. Carter, by capitalising on his contention that Mr. Reagan is the candidate more likely to involve the U.S. in a foreign war, is making headway among the mass of independent voters who are making up their minds at the last moment.

Moreover a national preference poll does not take account of the fact that the election of the President is determined by the electoral college system, whereby whoever carries a state commands all that state's votes in the college.

Given the apparent wider regional spread of Mr. Reagan's support, some, experts now believe that Mr. Carter could win a majority of the votes cast but still lose the White House. Both Mr. Carter and Mr. Reagan were in seclusion yesterday, preparing for their muchawaited televised debate tomorrow night in Cleveland.

Guarded

city and the nearby major air-Over the weekend, both base. The radio also said there picked up the endorsements of was continued hand-to-hand major newspapers everal though the terms in which they Japanese journalists in Tehran said the Iranian authoriwere couched were guarded in ties had given permission for the

The New York Times, for example, in choosing Mr. Carter, caustically observed that Ronald Reagan is the better salesman. Jimmy Carter keeps dropping his sample case on his own foot but it contains better

The Chicago Tribune was hardly more enthusiastic in its endorsement of Mr. Reagan. Carter questions, Page 2

Weather

CLOUDY with outbreaks of rain and sunny intervals. Temperatures near normal.

London, S.E. England, E. Midlands Dry at first with sunny inter-vals and rain later. Max 13C (55P).

W. Midlands, Channel Islands, S.W. England, Wales, N.W.

Cloudy with outbreaks of rain, may become brighter. Max. 14C

I. of Man, S.W. Scotland, Argyli, N. Ireland

Mainly cloudy, outbreaks of rain, becoming brighter. Max.

Central Highlands, N. Scotland, Orkney, Shetland Cloudy with outbreaks of rain. Max. 11C (52F).

Outlook: Sunny intervals and showers, becoming cooler.

WORLDWIDE

for example, the most generous 25 per cent paid increases of 22 industries. For example, among 25 per cent paid increases of 22 industries. For example, among 25 per cent paid increases of 22 industries. For example, among 25 per cent paid increases of 22 industries. For example, among 25 per cent paid increases of 22 industries. For example, among 25 per cent paid increases of 25 per cent pai		panies reporting to March 1980.	considerable variations in salary	Cross Coffee Walden To	1	1
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THE LEX COLUMN British Aerospace on the runway

Aerespace for sale on the stock ing a proper return for another market. It is going to make a four or five years. fat profit. Compensation for the three aerospace companies which were nationalised in 1977 has amounted to roughly £160m, and the Government could get most of that back through the sale of half its shares. No is the cash flow. So it expects wonder GEC and Vickers, as to finance about half its excepforced sellers, feel aggrieved.

The necessary paper work should be completed in a few weeks' time, and Kleinwort Benson—the merchant bank handling the sale—will prebably want to get Christmas out of the way before pulling the trigger. But with the stock market in a buoyant mood and the Government anxious to get the money in by the end of its financial year, there should be no hanging around thereafter.

Pricing the offer will be very tricky, and not just because there are no precisely comparable companies anywhere in the world. The group has a solid record and consistently makes good profits—more than 8 per cent on sales and well over 20 per cent on assets employed. But it is currently involved in two major projects on the civil aircraft side, the BAe 146 and the Airbus A310, which will have a major impact on its finances over the short term.

British Aerospace's share of the development costs of the 146 could work out very roughly at £250m. Costs so far have been written off in full, and provisions against launching osts generally during the next two or three years could be rather higher than the £39m charged to profits in 1979. The aircraft, which should be in full production by 1983, has yet to win many orders but the group expresses confidence that it will find a profitable niche in the

Meanwhile, the Airbus now

Early in the New Year, the accounts for roughly three-fifths. At the same time, Eritish Government will probably offer of the workload on the civil side. Aerospace has a lot to prove about half its shares in British and is unlikely to start product on the civil side. And there

Fortunately the group currently has a very strong balance sheet — and anyway three-quarters of its profits comes from military work, where the order books are strong and so to finance about half its excep tionally high capital needs over the next four or five years with internally generated funds.

Equity in the last balance sheet amounted to £365m, and the numbers could be rather bigger in their restated form Loan capital is set to rise sharply from its current modest level, but is expected to remain comfortably lower than the figure for shareholders' funds and to decline sharply from the mid-

Although trading profits are rising, the cost of the civil aircraft developments will prob-ably leave attributable earnings little changed in the next year or two. In 1979, the group made £41m after launching costs and a nominal tax charge. Current cost adjustments, which will be included in the prospectus, will take a big bite out of earnings. So given the big spending programme, the group more than, say, £15m on dividends in the short term.

Among the U.S. aerospace manufacturers, Boeing currently yields about 4 per cent and some of the smaller defence specialists offer even lower returns. For its part. British Aerospace has an unusually wide range of products, some of which could be very glamourous in stock market terms. No doubt Kleinwort will be stressing the growth prospects of the tactical guided weapons businėss, which accounts for over a quarter of the group's sales and includes a lot of fancy electronics.

is a political risk, even though the Government only has the right to appoint two Board directors, and every effort will be made to spread the shares widely among employees. As a very rough guide, half the shares could fetch a bit under £150m.

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Duris Arene

Currency translation Finance directors are once

again keeping an anxious eye on the sterling exchange rate at the end of the year approaches Since last January 1 sterling has risen by 10 per cent against the against a trade-weighted basket of major currencies. This is the tricky background against which the Accounting Standards Committee has launched, die the weekend, its new exposure draft on accounting for foreign currency translation. ED 27

Companies do not have to wait until the eventual standard is produced before going over to the ED-27 basis, and many will be considering whether fi do so for their next account fact it probably does not in all that much difference of most UK companies, but it dee cut down the scope for juggling figures between the profit and loss account and the balance Several differences of delai

are evident between ED 27 day which is currently being debated across the Atlantic Thus ED 27 calls for a different treatment when the affairs of foreign subsidiaries are deemed to be very closely linked with those of the parent company Apparently the U.S. draft has run into criticism on some aspects of the way it deals with intra-group trading, and the U.S. and UK versions could ye move closer together in their

Continued from Page 1

U.S. collusion with Iraq."

IATA

"The unrelenting escalation of costs outside airline control poses enormous problems for Birline managements as they strive to keep the real price of air travel at current levels—and indeed to bring it even lower in response to government and consumerist pressures.

'In real terms, the price of the bar air travel to the public has ing con decreased by as much as 50 per The cent in the past 20 years. "However, it is inevitable studied that the future level of air fares men

will increasingly be determined. directly and indirectly, by the cost of energy. At best we can expect fuel prices to continue rising in line with inflation and currency fluctuations." Mr. Hammarskjold points out

that in 1979 the IATA members collectively earned revenues of \$50.6bn (£20.73bn), up 18 per

But their costs went up by more than 23 per cent to \$50.45bn (£20.67bn) compared with the previous year, leaving and other non-operating items of \$150m. After allowing for those items, the net result was a surplus of only \$100m "or only I cent for every \$5 of These results were produced

after carrying record traffic-390m scheduled passengers (roughly equivalent to 70 per cent of the West's total popula tion). The increase in traffic was 7.5 per cent for the year.

Continued from Page 1

Trade

Italian quotas on Japanese cars is not politically possible, the intention is to put forward at today's meeting with Mr. Okita United Biscuits, Delta Metal a long list of lesser products from which these restrictions could be removed.

Such a step, it is said, would help strengthen the Japanese Government's case for securing as observers or as participating greater restraint of exports of sensitive products to the EEC.

Depending on the outcome of Mr. Okita's meetings with Herr Haferkamp, EEC External Relations Commissioner, and Viscount Etienne Davignon, the Industry Commissioner, a draft directive could be submitted to the Council of Ministers by the

Commission next month. This would give the Commission power to open substantive negotiations.

Inflation hits top managers' pay

BY NICHOLAS LESLIE

WHILE AVERAGE earnings have been increasing at a greater rate than inflation, salaries of top company direc-tors have not. This is the finding of a survey on top management pay in the UK published today by Charterhouse Group.

from 1 half

The ings fo panies reporting to the end-December, 1979, was 13 per cent and in companies reporting to March, 1980, about 15 per cent. The corresponding move were 18.4 and 19.8 per cent. Average earnings rose by 19.7

and 20.3 per cent respectively.
The all-industry median figure, however, masks substantial variations between indivi-

the Commercial Industrial Group

nking and industrial hold-	Adwest	122.269	83
ncera.	BP	120,385	22,706
survey shows, however.	Beecham	103,192	1,028
mong the 1.250 companies	Comet		
d the number of chair-	Radiovision	101,000	168
or highest-paid directors	Esso		•
g more than £75,000 has	Petroleum	102,000	3,112
than doubled in a year	Heron Cpn.	123,000	315
14 to 30. Also, more than of these categories of	ICI	124,380	5,368
or now earn above £25,000	Lee Cooper	126,513	70
	Plessey	133,944	751
median increase in earn- or top directors in com-	Racal Electronics Shell	103,592	263
renorting to the end.	Diffi		

per cent or more, while the least generous 25 per cent paid companies reporting the 1979 rises of 9 per cent or less.

dual companies and between different industries. In com-panies reporting to March 1980, for example, the most generous

Chairman or Highest Paid Director earning over £100,000

Adwest	122.269	83
BP	120,385	22,706
Beecham	103,192	1,028
Comet Radiovision	101,000	168
Esso Petroleum	102.000	3.112
Heron Cpn.	123,000	315
ICI	124,380	5,368
Lee Cooper	126,513	70
Plessey	133,944	751
Racal Electronics Shell	103,592	263
Transport	218.805	14,590
Wedewood	115.694	97

Earnings Turnover

The survey, formerly pro-duced by Keyser Ullmann, the banking group, which has now been taken over by Charterhouse, highlights some of the considerable variations in salary increases between different industries. For example, among

calendar year and for the 12 months to March, 1980, it was

employees in the parent com-pany, and not subsidiaries.

number had more than doubled to 12 among companies reporting to March, 1980. A number of these directors may be working largely overseas, or rewarded on an international scale to reflect overseas duties, says the survey.

panies which paid the biggest salary increases—averaging 18 per cent—while electrical and mechanical engineering groups were at the bottom with 10 per

Ironically, perhaps, in the light of the £10m loss it has just announced, ICI accounted for 12 of only 24 employees below Board level reported by six companies to be earning over £50,000 a year. However, it is pointed out that this is unlikely to be the complete picture since, for example, some companies only disclose highest paid

The highest level of earnings was more than £100,000 a year.

Top Management Remuneration in the UK, produced by Charterhouse Group, published by Monks Publications, Debden Green, Saffron Walden, Esser, price £52.50 cheque with order.

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